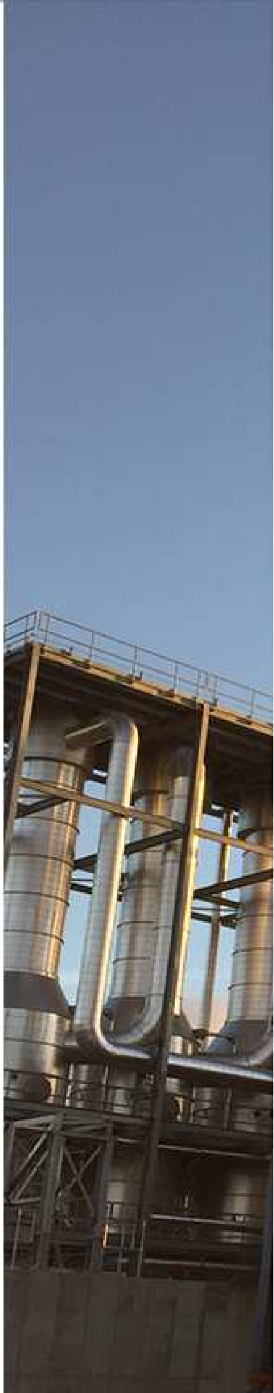

02.6 Notes to the consolidated financial statements

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Notes to the consolidated financial statements

Note 1.- General information

Abengoa, S.A. is the parent company of the Abengoa Group (referred to hereinafter as 'Abengoa', 'the Group' or 'the Company'), which at the end of 2014, was made up of 653 companies: the parent company itself, 607 subsidiaries, 17 associates and 28 joint ventures. Additionally, as of the end of 2014, certain subsidiaries were participating in 244 temporary joint operations (UTE) and, furthermore, the Group held a number of interests, of less than 20%, in several other entities.

Abengoa, S.A. was incorporated in Seville, Spain on January 4, 1941 as a Limited Liability Company and was subsequently transformed into a Limited Liability Corporation ('S.A.' in Spain) on March 20, 1952. Its registered office is Campus Palmas Altas, C/ Energía Solar nº 1, 41014 Seville.

The Group's corporate purpose is set out in Article 3 of its Bylaws. It covers a wide range of activities, although Abengoa is principally an applied engineering and equipment manufacturer, providing integrated project solutions to customers in the following sectors: energy, telecommunications, transport, water utilities, environmental, industrial and service.

Abengoa's shares are represented by class A and B shares which are listed on the Madrid and Barcelona stock exchanges and on the Spanish Stock Exchange Electronic Trading System (Electronic Market) and Class B shares are included in the IBEX 35. Class A shares have been listed since November 29, 1996 and class B shares since October 25, 2012. Additionally, Class B shares are also listed on the NASDAQ Global Select Market in the form of American Depositary Shares from October 29, 2013 following the capital increase carried out on October 17, 2013. The Company presents mandatory financial information quarterly and semiannually.

Following the initial public offering of our subsidiary Abengoa Yield (see Note 6.2), of which Abengoa held a 64.28% interest as of December 31, 2014, Abengoa Yield's shares are also listed in the NASDAQ Global Select Market from June 13, 2014.

Abengoa is an international company that applies innovative technology solutions for sustainability in the energy and environment sectors, generating electricity from renewable resources, converting biomass into biofuels and producing drinking water from sea water. The Company supplies engineering projects under the 'turnkey' contract modality and operates assets that generate renewable energy, produce biofuel, manage water resources, desalinate sea water and treat sewage.

Abengoa`s business and the internal and external management information are organized under the following three activities:

- Engineering and construction: includes the traditional engineering activities in the energy and water sectors, with more than 70 years of experience in the market and the development of solar technology. Abengoa is specialized in carrying out complex turn-key projects for thermo-solar plants, solar-gas hybrid plants, conventional generation plants, biofuels plants and water infrastructures, as well as large-scale desalination plants and transmission lines, among others.
- Concession-type infrastructures: groups together the company's extensive portfolio of proprietary concession assets that generate revenues governed by long term sales agreements, such as take-or-pay contracts, tariff contracts or power purchase agreements. This activity includes, the operation of electric (solar, cogeneration or wind) energy generation plants and transmission lines. These assets generate low demand risk and the Company focuses on operating them as efficiently as possible.
- Industrial production: covers Abengoa's businesses with a high technological component, such as development of biofuels technology. The Company holds an important leadership position in these activities in the geographical markets in which it operates.

These Consolidated Financial Statements were approved by the Board of Directors on February 23, 2015.

All public documents of Abengoa may be viewed at www.abengoa.com.

Note 2.- Significant accounting policies

The significant accounting policies adopted in the preparation of the accompanying Consolidated Financial Statements are set forth below:

2.1. Basis of presentation

The Consolidated Financial Statements as of December 31, 2014 have been prepared in accordance with International Financial Reporting Standards adopted by de European Union (IFRS-EU) and they present the Group's equity and financial position as of December 31, 2014 and the consolidated results of its operations, the changes in the consolidated net equity and the consolidated cash flows for the financial year ending on that date.

Unless otherwise stated, the accounting policies set out below have been applied consistently throughout all periods presented within these Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared under the historical cost convention, modified by the revaluation of certain available-for-sale non-current financial assets under IFRS 1 and with the exception of those situations where IFRS-EU requires that financial assets and financial liabilities are measured at fair value.

The preparation of the Consolidated Financial Statements under IFRS-EU requires the use of certain critical accounting estimates. It also requires that Management exercises its judgment in the process of applying Abengoa's accounting policies. Note 3 provides further information on those areas which involve a higher

degree of judgment or areas of complexity for which the assumptions or estimates made are significant to the financial statements.

The amounts included within the Consolidated Financial Statements (Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and notes herein) are, unless otherwise stated, all expressed in thousands of Euros (€).

Any presented percentage of interest in subsidiaries, joint ventures (including temporary joint operations) and associates includes both direct and indirect ownership.

2.1.1. Application of new accounting standards

a) Standards, interpretations and amendments effective from January 1, 2014 under IFRS-EU, applied by the Group:

- IAS 32 (Amendment) 'Offsetting of financial assets and financial liabilities'. The IAS 32 amendment is mandatory for periods beginning on or after January 1, 2014 under IFRS-EU and under the IFRS approved by the International Accounting Standards Board, hereinafter IFRS-IASB, and is to be applied retroactively.
- IAS 36 (Amendment) 'Recoverable Amount Disclosures for Non-Financial Assets'. The IAS 36 amendment is mandatory for periods beginning on or after January 1, 2014 under IFRS-EU and IFRS-IASB.
- IAS 39 (Amendment) 'Novation of Derivatives and Continuation of Hedge Accounting'. The IAS 39 amendment is for periods beginning on or after January 1, 2014 under IFRS-EU and IFRS-IASB.

The applications of these amendments have not had any material impact on these Consolidated Financial Statements

b) In preparing these Consolidated Financial Statements as of December 31, 2014, the Group has applied the following interpretation that came into effect on January 1, 2014 under IFRS-IASB, and which have been applied early under IFRS-EU:

- IFRIC 21 (Interpretation) 'Levies'. The IFRIC 21 is mandatory for periods beginning on or after January 1, 2014 under IFRS-IASB and for periods beginning on or after June 17, 2014 under IFRS – EU.

The interpretation effective from January 1, 2014 has not had any significant impact on these Consolidated Financial Statements.

c) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after January 1, 2015:

- Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles. These improvements are mandatory for periods beginning on or after July 1, 2014 under IFRS-IASB and have not yet been adopted by the EU.
- Annual Improvements to IFRSs 2012-2014 cycle. These improvements are mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB and have not yet been adopted by the EU.
- IFRS 9 'Financial Instruments'. This Standard will be effective from January 1, 2018 under IFRS-IASB and has not yet been adopted by the EU.
- IFRS 15 'Revenues from contracts with Customers'. IFRS 15 is applicable for periods beginning on or after 1 January 2017. Earlier application is permitted. IFRS 15 has not yet been adopted by the EU.
- IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', regarding acceptable methods of amortization and depreciation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB, earlier application is permitted, and has not yet been adopted by the EU.
- IAS 27 (Amendment) 'Separate financial statements' regarding the reinstatement of the equity method as an accounting option n separate financial statements. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB and has not yet been adopted by the EU.
- IFRS 10 (Amendment) 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures' regarding the exemption from consolidation for investment entities. These amendments are mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB and have not yet been adopted by the EU.
- IFRS 11 (Amendment) 'Joint Arrangements' regarding acquisition of an interest in a joint operation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB, earlier application is permitted, and has not yet been adopted by the EU.

The Group is currently in the process of evaluating the impact on the Consolidated Financial Statements derived from the application of the new standards and amendments that will be effective for periods beginning after December 31, 2014.

2.1.2. IFRIC 12 – Service concession arrangements

As stated in the consolidated financial statements for 2011 and as a result of IFRIC 12 'Service Concession Arrangements' that came into effect in 2010, the Company carried out an analysis of other agreements in the Group and identified further infrastructures, specifically thermo-solar plants in Spain included under the special arrangements of RD 661/2007 and recorded in the pre-assignment register in November 2009, which could potentially be classified as service concession arrangements.

At the end of 2010, the company decided that it needed to carry out a more in-depth analysis of the issue since the reasons that justified the accounting application of the interpretation had not been sufficiently proven based on the information available at that date.

During 2010 and 2011, the Spanish government issued several laws and resolutions that regulate the market for renewable energy in Spain in general, and thermo-solar activities in particular. In early 2011, when Abengoa received a set of individual rulings from the Spanish Ministry of Industry for each of its thermo-solar assets,the Company returned to work on the analysis of applying IFRIC 12 to its thermo-solar plants in Spain. In September 2011 the Company concluded that it was required to start applying IFRIC 12 to its thermo-solar plants in Spain included under the special scheme of Royal Decree 661/2007 and recorded in the pre-assignment register in November 2009, just as it was doing for its other concession assets, based on all available information and the newly acquired knowledge from the analysis performed.

As explained in the preceding paragraphs, it was not possible to allow application on January 1, 2010 of IFRIC 12 to those thermo-solar plants and, as indicated in Paragraph 52 of IAS 8 on Accounting Policy and Changes to Accounting Estimates, the application became prospective as from September 1, 2011.

At the time of application of IFRIC 12, the Company reclassified all capitalized costs under the heading of 'other assets in projects' relating to thermo-solar plants into 'concession assets in projects' for an amount of €1.6 billion. Similarly, from September 1, 2011, all revenues and costs related to the construction of these plants were recorded based on the percentage of completion method in accordance with IAS 11, from the date of the prospective application of IFRIC 12 to the end of the construction of these assets which were estimated for completion in 2013. This treatment deferred recognition of the costs, margins and revenues generated up to that date and previously eliminated in consolidation prospectively, pro rata, over the term of the remaining construction period.

During 2013, the Company re-evaluated the assumptions made in 2011 that justified the application of IFRIC 12 to thermo-solar plants in Spain as described above. On June 30, 2013 and based on the provisions of IAS 8.14, the Directors deemed it necessary to change the accounting policy applied to these plants. It is believed that financial statements will provide more reliable and comparable information about the application of IFRIC 12 to thermo-solar plants in Spain. The accounting change modified the method in which we initially applied IFRIC 12, as well as the date on which IFRIC 12 was applied (January 1, 2011 instead of September 1, 2011).

The revised accounting treatment consisted in applying IFRIC 12 prospectively from January 1, 2011 by derecognizing, our thermo-solar plant assets previously recognized at cost as ''Property, Plant and Equipment in Projects'' and recognizing those thermo-solar plant assets at fair value as ''Concession Assets in Projects''. The difference of €165 million was recorded in that moment in ''Other Operating Income'' on the consolidated income statement. From January 1, 2011, only the remaining contract revenue, costs and margins generated after such date for the ongoing construction of the plants began to be recognized based on the ''percentage of completion'' accounting method in accordance with IAS 11. In addition, the revenue and operating profit that were previously deferred upon original adoption of IFRIC 12 and recognized prospectively during fiscal years 2011 and 2012 were eliminated. The change in application date resulted in the recognition of revenues and costs associated with the construction activities that occurred between January 1, 2011 and September 1, 2011, that were previously eliminated.

This change in accounting policy for the application of IFRIC 12 to the thermo-solar plants in Spain, reflects the spirit of Paragraph 45 of IAS 1 which justifies changes in the presentation (in addition to the classification) of annual accounts. As a result of the change, there is an improved presentation of the financial statements. They better reflect the plant construction operations underway in each financial year, without altering the trend of the group's earnings. They also facilitate comparisons between periods.

2.2. Principles of consolidation

In order to provide information on a consistent basis, the same principles and standards applied to the parent company have been applied to all other consolidated entities.

All subsidiaries, associates and joint ventures included in the consolidated group for the year 2014 (2013) that form the basis of these Consolidated Financial Statements are set out in Appendices I (XII), II (XIII) and III (XIV), respectively.

Note 6 of these Consolidated Financial Statements reflects the information on the changes in the composition of the Group.

a) Subsidiaries

Subsidiaries are those entities over which Abengoa has control.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Company operates an integrated business model in which it provides complete services form initial design, construction and engineering to operation and maintenance of infrastructure assets. In order to evaluate the existence of control, we need to distinguish two independent stages in these projects in terms of decision making process: the construction phase and the operation phase. In some of these projects (such as Solana and Mojave thermo-solar plants in the United States, Hugoton second generation biofuels plant in the United States and solar plants currently under construction in South Africa), all the relevant decisions during the construction phase are subject to the approval and control of a third party. As a result,

Abengoa does not have control over these assets during this period and records these companies as associates under the equity method. Once the project is in operation, Abengoa gains control over these companies which are then fully consolidated.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The Group uses the acquisition method to account for business combinations. According to this method, the consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration is recognized at fair value at the acquisition date and subsequent changes in its fair value are recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Acquisition related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non controlling interest in the acquiree either at the non controlling interest's proportionate share of the acquirer's net assets on an acquisition basis.

The value of non controlling interest in equity and the consolidated results are shown, respectively, under 'Non controlling interests' of the Consolidated Statements of Financial Position and 'Profit attributable to non controlling interests' in the Consolidated Income Statements.

Profit for the period and each component of other comprehensive income are attributed to the owners of the Company and to the non controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non controlling interests even if this results in the non controlling interests having a total negative balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In compliance with Article 155 of Spanish Corporate Law (Ley de Sociedades de Capital), the parent company has notified all these companies that, either by itself or through another subsidiary, it owns more than 10 per 100 shares of their capital. Appendix VIII lists the Companies external to the Group which have a share equal to or greater than 10% of a subsidiary of the parent company under consolidation scope.

b) Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture, as opposed to a joint operation described in section c) below, is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these Consolidated Financial Statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

Profits and losses resulting from the transactions of the Company with the associate or joint venture are recognized in the Group's Consolidated Financial Statements only to the extent of interests in the associate or joint venture that are not related to the Group.

In compliance with Article 155 of Spanish Corporate Law (Ley de Sociedades de Capital), the parent company has notified all these companies that, either by itself or through another subsidiary, it owns more than 10 per 100 shares of their capital.

As of December 31, 2014 and 2013 there are no significant contingent liabilities in the Group's interests in associeates and joint ventures.

c) Interest in joint operations and temporary joint operations (UTE)

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

'Unión Temporal de Empresas' (UTE) are temporary joint operations generally formed to execute specific commercial and/or industrial projects in a wide variety of areas and particularly in the fields of engineering and construction and infrastructure projects. They are normally used to combine the characteristics and qualifications of the UTE's partners into a single proposal in order to obtain the most favorable technical assessment possible. UTE are normally limited as standalone entities with limited action, since, although they may enter into commitments in their own name, such commitments are generally undertaken by their partners, in proportion to each investor's share in the UTE.

The partners' shares in the UTE normally depend on their contributions (quantitative or qualitative) to the project, are limited to their own tasks and are intended solely to generate their own specific results. Each partner is responsible for executing its own tasks and does so in its own interests.

The fact that one of the UTE's partners acts as project manager does not affect its position or share in the UTE. The UTE's partners are collectively responsible for technical issues, although there are strict pari passu clauses that assign the specific consequences of each investor's correct or incorrect actions.

UTE are not variable interest or special purpose entities. UTE do not usually own assets or liabilities on a standalone basis. Their activity is conducted for a specific period of time that is normally limited to the execution of the project. The UTE may own certain fixed assets used in carrying out its activity, although in this case they are generally acquired and used jointly by all the UTE's investors, for a period similar to the project's duration, or prior agreements are signed by the partners on the assignment or disposal of the UTE's assets upon completion of the project.

UTE in which the Company participates are operated through a management committee comprised of equal representation from each of the temporary joint operation partners, and such committee makes all the decisions about the temporary joint operation's activities that have a significant effect on its success. All the decisions require consent of each of the parties sharing power, so that all the parties together have the power to direct the activities of the UTE. Each partner has rights to the assets and obligations relating to the arrangement. As a result, these temporary joint operations are consolidated proportionally.

The proportional part of the UTE's Consolidated Statement of Financial Position and Consolidated Income Statement is integrated into the Consolidated Statement of Financial Position and the Consolidated Income Statement of the Company in proportion to its interest in the UTE on a line by line basis.

As of December 31, 2014 and 2013 there are no significant material contingent liabilities in relation to the Group's shareholdings in the UTE, additional to those described in Note 22.2.

d) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for as transactions with equity owners of the group. When the Group acquires non-controlling interests, the difference between any consideration paid and the carrying value of the proportionate share of net assets acquired is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, and any difference between fair value and its carrying amount is recognized in profit or loss. In addition, any amount previously recognized in other comprehensive income in respect of that entity is accounted for as if the group had directly disposed of the related assets or liabilities.

Companies and entities which are third parties the Group and which hold a share equal to or larger than 10% in the share capital of any company included in the consolidation group are disclosed in Appendix VIII.

2.3. Intangible assets

a) Goodwill

Goodwill is recognized as the excess between (A) and (B), where (A) is the sum of the considerations transferred, the amount of any non-controlling interest in the acquiree and in the case of a business combination achieved in stages, the fair value on the acquisition date of the previously held interest in the acquiree and (B) the net value, at the acquisition date, of the identifiable assets acquired, the liabilities and contingent liabilities assumed, measured at fair value. If the resulting amount is negative, in the case of a bargain purchase, the difference is recognized as income directly in the Consolidated Income Statement.

Goodwill relating to the acquisition of subsidiaries is included in intangible assets, while goodwill relating to associates is included in investments in associates.

Goodwill is carried at initial value less accumulated impairment losses (see Note 2.8). Goodwill is allocated to Cash Generating Units (CGU) for the purposes of impairment testing, these CGU's being the units which are expected to benefit from the business combination that generated the goodwill.

b) Computer programs

Costs paid for licenses for computer programs are capitalized, including preparation and installation costs directly associated with the software. Such costs are amortized over their estimated useful life. Maintenance costs are expensed in the period in which they are incurred.

Costs directly related with the production of identifiable computer programs are recognized as intangible assets when they are likely to generate future economic benefit for a period of one or more years and they fulfill the following conditions:

- it is technically possible to complete the production of the intangible asset;
- management intends to complete the intangible asset;
- the Company is able to use or sell the intangible asset;
- there are technical, financial and other resources available to complete the development of the intangible asset; and
- disbursements attributed to the intangible asset during its development may be reliably measured.

Costs directly related to the production of computer programs recognized as intangible assets are amortized over their estimated useful lives which do not exceed 10 years.

Costs that do not meet the criteria above are recognized as expenses in the Consolidated Income Statement when incurred.

c) Research and development cost

Research costs are recognized as an expense when they are incurred.

Development costs (relating to the design and testing of new and improved products) are recognized as an intangible asset when all the following criteria are met:

- it is probable that the project will be successful, taking into account its technical and commercial feasibility, so that the project will be available for its use or sale;
- it is probable that the project generates future economic benefits;
- management intends to complete the project;
- the Company is able to use or sell the intangible asset;
- there are appropriate technical, financial or other resources available to complete the development and to use or sell the intangible asset; and
- the costs of the project/product can be measured reliably.

Once the product is in the market, capitalized costs are amortized on a straight-line basis over the period for which the product is expected to generate economic benefits, which is normally 5 years, except for development assets related to the thermo-solar plant using tower technology and the second-generation biofuels plant, which are amortized according to its useful life.

Development costs that do not meet the criteria above are recognized as expenses in the Consolidated Income Statement when incurred.

Grants or subsidized loans obtained to finance research and development projects are recognized as income in the Consolidated Income Statement consistently with the expenses they are financing (following the rules described above).

2.4. Property, plant and equipment

Property, plant and equipment includes property, plant and equipment of companies or project companies which have been self-financed or financed through external financing with recourse facilities or through non-recourse project financing.

In general, property, plant and equipment is measured at historical cost, including all expenses directly attributable to the acquisition, less depreciation and impairment losses, with the exception of land, which is presented net of any impairment losses.

Subsequent costs are capitalized when it is probable that future economic benefits associated with that asset can be separately and reliably identified.

Work carried out by a company on its own property, plant and equipment is valued at production cost. In construction projects of the Company's owned assets carried out by its Engineering and Construction segment which are not under the scope of IFRIC 12 on Service Concession Arrangements (see Note 2.5), internal margins are eliminated. The corresponding costs are recognized in the individual expense line item in the accompanying income statements. The recognition of an income for the sum of such costs through the line item 'Other income- Work performed by the entity and capitalized and other' results in these costs having no impact in net operating profit. The corresponding assets are capitalized and included in property, plant and equipment in the accompanying balance sheets.

All other repair and maintenance costs are charged to the Consolidated Income Statement in the period in which they are incurred.

Costs incurred during the construction period may also include gains or losses from foreign-currency cash-flow hedging instruments for the acquisition of property, plant and equipment in foreign currency, transferred from equity.

With regard to investments in property, plant and equipment located on land belonging to third parties, an initial estimate of the costs of dismantling the asset and restoring the site to its original condition is also included in the carrying amount of the asset. Such costs are recorded at their net present value in accordance with IAS 37.

The annual depreciation rates of property, plant and equipment (including property, plant and equipment in projects) are as follows:

Items	% of depreciation
Lands and buildings	
Buildings	2% - 3%
Technical installations and machinery	
Installations	3% - 4% - 12% - 20%
Machinery	12%
Other fixed assets	
Data processing equipment	25%
Tools and equipment	15% - 30%
Furniture	10% - 15%
Works equipment	30%
Transport elements	8% - 20%

The assets' residual values and useful economic lives are reviewed, and adjusted if necessary, at the end of the accounting period of the company which owns the asset.

When the carrying amount of an asset is higher than its recoverable amount, the carrying amount is reduced immediately to reflect the lower recoverable amount.

2.5. Fixed assets in projects

This category includes property, plant and equipment, intangible assets and financial assets of consolidated companies which are financed through project debt (see Note 19), that are raised specifically and solely to finance individual projects as detailed in the terms of the loan agreement.

These assets financed through project debt are generally the result of projects which consist of the design, construction, financing, application and maintenance of large-scale complex operational assets or infrastructures, which are owned by the company or are held under a concession agreement for a period of time. The projects are initially financed through medium-term bridge loans (non-recourse project financing in process) and later by a long-term project finance.

In this respect, the basis of the financing agreement between the Company and the bank lies in the allocation of the cash flows generated by the project to the repayment of the principal amount and interest expenses, excluding or limiting the amount secured by other assets, in such a way that the bank recovers the investment solely through the cash flows generated by the project financed, any other debt being subordinated to the debt arising from the non-recourse financing applied to projects until the project debt has been fully repaid. For this reason, fixed assets in projects are separately reported on the face of the Consolidated Statement of Financial Position, as is the related project debt (project finance and bridge loan) in the liability section of the same statement.

Non-recourse project financing (project finance) typically includes the following guarantees:

- Shares of the project developers are pledged.
- Assignment of collection rights.
- Limitations on the availability of assets relating to the project.
- Compliance with debt coverage ratios.
- Subordination of the payment of interest and dividends to meet loan financial ratios.

Once the project finance has been repaid and the project debt and related guarantees fully extinguished, any remaining net book value reported under this category is reclassified to the Property, Plant and Equipment or Intangible Assets line items, as applicable, in the Consolidated Statement of Financial Position.

Assets in the 'fixed assets in projects' line item of the Consolidated Statement of Financial Position are sub-classified under the following two headings, depending upon their nature and their accounting treatment:

2.5.1. Concession assets in projects

This heading includes fixed assets financed through project debt related to Service Concession Arrangements recorded in accordance with IFRIC 12. IFRIC 12 states that service concession arrangements are public-to-private arrangements in which the public sector controls or regulates the services to be provided using the infrastructure and their prices, and is contractually guaranteed to gain, at a future time, ownership of the infrastructure through which the service is provided. The infrastructures accounted for by the Group as concessions are mainly related to the activities concerning power transmission lines, desalination plants and generation plants (both renewable as conventional). The infrastructure used in a concession can be classified as an intangible asset or a financial asset, depending on the nature of the payment entitlements established in the agreement.

a) Intangible asset

The Group recognizes an intangible asset when the demand risk to the extent that it has a right to charge final customers for the use of the infrastructure. This intangible asset is subject to the provisions of IAS 38 and is amortized linearly, taking into account the estimated period of commercial operation of infrastructure which generally coincides with the concession period.

The Group recognizes and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure in accordance with IAS 11 'Construction Contracts'. As indicated in Note 2.7, the interest costs derived from financing the project incurred during construction are capitalized during the period of time required to complete and prepare the asset for its predetermined used.

Once the infrastructure is in operation, the treatment of income and expenses is as follows:

Revenues from the updated annual royalty for the concession, as well as operations and maintenance services are recognized in each period according to IAS 18 'Revenue' in Revenue.

Operating and maintenance costs and general overheads and administrative costs are charged to the Consolidated Income Statement in accordance with the nature of the cost incurred (amount due) in each period.

Financing costs are classified within heading finance expenses in the Consolidated Income Statement.

b) Financial asset

The Group recognizes a financial asset when there is demand risk is assumed by the grantor to the extent that the concession holder has an unconditional right to receive payments for construction or improvement services. This asset is recognized at the fair value of the construction or improvement services provided.

The Group recognizes and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure in accordance with IAS 11 'Construction contracts'.

The financial asset is subsequently recorded at amortized cost method calculated according to the effective interest method, the corresponding income from updating the flows of collections is recognized as revenue in the Consolidated Income Statement according to the effective interest rate.

The finance expenses of financing these assets are classified under the financial expenses heading of the Consolidated Income Statement.

As indicated above for intangible assets, income from operations and maintenance services is recognized in each period as Revenue according to IAS 18 'Revenue'.

2.5.2. Other assets in projects

This heading includes tangible fixed and intagible assets which are financed through a project debt and are not subject to a concession agreement. Their accounting treatment is described in Notes 2.3 and 2.4.

2.6. Current and non-current classification

Assets are classified as current assets if they are expected to be realized in less than 12 months after the date of the Consolidated Statements of Financial Position. Otherwise, they are classified as non-current assets.

Liabilities are classified as current liabilities unless an unconditional right exists to defer their repayment by at least 12 months following the date of the Consolidated Statement of Financial Position.

2.7. Borrowing costs

Interest costs incurred in the construction of any qualifying asset are capitalized over the period required to complete and prepare the asset for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its internal use or sale, which in Abengoa is considered to be more than one year.

Costs incurred relating to non-recourse factoring are expensed when the factoring transaction is completed with the financial institution.

Remaining borrowing costs are expensed in the period in which they are incurred.

2.8. Impairment of non-financial assets

Annually, Abengoa perfoms an analysis of impairment losses of goodwill to determine the recoverable amount.

In addition, Abengoa reviews its property, plant and equipment, fixed assets in projects and intangible assets with finite and indefinite useful life to identify any indicators of impairment. The periodicity of this review is annually or when an event involving as indication of impairment is detected.

If there are indications of impairment, Abengoa calculates the recoverable amount of an asset as the higher of its fair value less costs to sell and its value in use, defined as the present value of the estimated future cash flows to be generated by the asset. In the event that the asset does not generate cash flows independently of other assets, Abengoa calculates the recoverable amount of the Cash-Generating Unit to which the asset belongs.

When the carrying amount of the Cash Generating Unit to which these assets belong is lower than its recoverable amount assets are impaired.

Assumptions used to calculate value in use include a discount rate, growth rates and projected changes in both selling prices and costs. The discount rate is estimated by Management, to reflect both changes in the value of

money over time and the risks associated with the specific Cash-Generating Unit. Growth rates and changes in prices and costs are projected based upon internal and industry projections and management experience respectively. Financial projections range between 5 and 10 years depending on the growth potential of each Cash Generating Unit.

To calculate the value in use of the major goodwill balances, the following assumptions were made:

- 10-year financial projections were used for those Cash-Generating Units (CGUs) that have high growth potential based on cash flows taken into account in the strategic plans for each business unit, considering a residual value based on the cash flow in the final year of the projection.

  The use of these 10-year financial projections was based on the assumption that it is the minimum period necessary for the discounted cash flow model to reflect all potential growth in the CGUs in each business segment showing significant investments.

  The aforementioned estimated cash flows were considered to be reliable due to their capacity to adapt to the real market and/or business situation faced by the CGU in accordance with the business's margin and cash-flow experience and future expectations.

  These cash flows are reviewed and approved every six months by Senior Management so that the estimates are continually updated to ensure consistency with the actual results obtained.

  In these cases, given that the period used is reasonably long, the Group then applies a zero growth rate for the cash flows subsequent to the period covered by the strategic plan.

- For concession assets with a defined useful life and with a project debt, cash flow projections until the end of the project are considered and no terminal value is assumed.

  Concession assets have a contractual structure that permit the Company to estimate quite accurately the costs of the project (both in the construction and in the operations periods) and revenue during the life of the project.

  Projections take into account real data based on the contract terms and fundamental assumptions based on specific reports prepared by experts, assumptions on demand and assumptions on production. Additionally, assumptions on macro-economic conditions are taken into account, such as inflation rates, future interest rates, etc.

- 5-year cash flow projections are used for all other CGUs, considering the residual value to be the cash flow in the final year projected.

- Cash flow projections of CGUs located in other countries are calculated in the functional currency of those CGUs and are discounted using rates that take into consideration the risk corresponding to each specific country and currency. Present values obtained with this method are then converted to Euros at the year-end exchange rate of each currency.

- Taking into account that in most CGUs the specific financial structure is linked to the financial structure of the projects that are part of those CGUs, the discount rate used to calculate the present value of cash-flow projections is based on the weighted average cost of capital (WACC) for the type of asset, adjusted, if necessary, in accordance with the business of the specific activity and with the risk associated with the country where the project is performed.

- In any case, sensitivity analyses are performed, especially in relation with the discount rate used, residual value and fair value changes in the main business variables, in order to ensure that possible changes in the estimates of these items do not impact the possible recovery of recognized assets.

- Accordingly, the following table provides a summary of the discount rates used (WACC) and growth rates to calculate the recoverable amount for Cash-Generating Units with the operating segment to which it pertains:

Operating segment	Discount rate	Growth Rate
Engineering and construction		
Engineering and construction	7% - 9%	0%
Concession-type infrastructure		
Solar	4% - 6%	0%
Water	5% - 7%	0%
Transmission lines	8% - 12%	0%
Cogeneration and other	8% - 10%	0%
Industrial production		
Biofuels	5% - 10%	0%

In the event that the recoverable amount of an asset is lower than its carrying amount, an impairment charge for the difference is recorded in the Consolidated Income Statement under the item ‘Depreciation, amortization and impairment charges’. With the exception of goodwill, impairment losses recognized in prior periods which are later deemed to have been recovered are credited to the same income statement heading.

2.9. Financial Investments (current and non-current)

Financial investments are classified into the following categories, based primarily on the purpose for which they were acquired:

a) financial assets at fair value through profit and loss;

b) loans and accounts receivable; and

c) available for sale financial assets.

Classification of each financial asset is determinated by management upon initial recognition, and is reviewed at each year end.

a) Financial assets at fair value through profit and loss

This category includes the financial assets acquired for trading and those initially designated at fair value through profit and loss. A financial asset is classified in this category if it is acquired mainly for the purpose of sale in the short term or if it is so designated by Management. Financial derivatives are also classified at fair value through profit and loss when they do not meet the accounting requirements to be designated as hedging instruments.

These financial assets are recognized initially at fair value, without including transaction costs. Subsequent changes in fair value are recognized under 'Gains or losses from financial assets at fair value' within the 'Finance income or expense' line of the Consolidated Income Statement for the period.

b) Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments, not listed on an active market.

In accordance with IFRIC 12, certain assets under concessions qualify as financial receivables (see Note 2.5).

Loans and accounts receivable are initially recognized at fair value plus transaction costs and are subsequently measured at amortized cost in accordance with the effective interest rate method. Interest calculated using the effective interest rate method is recognized under 'Interest income from loans and credits' within the 'Finance income' line of the Consolidated Income Statement.

c) Available for sale financial assets

This category includes non-derivative financial assets which do not fall within any of the previously mentioned categories. For Abengoa, they primarily comprise shares in companies that, pursuant to the regulations in force, have not been included in the scope of consolidation for the years ended December 31, 2014 and 2013 and in which the Company's stake is greater than 5% and lower than 20%.

Financial assets available for sale are initially recognized at fair value plus transaction costs and subsequently measured at fair value, with changes in fair value recognized directly in equity, with the exception of translation differences of monetary assets, which are charged to the Consolidated Income Statement. Dividends from available-for-sale financial assets are recognized under 'Other finance income' within the 'Other net finance income/expense' line of the Consolidated Income Statement when the right to receive the dividend is established.

When available for sale financial assets are sold or impaired, the accumulated amount recorded in equity is transferred to the Consolidated Income Statement. To establish whether the assets have been impaired, it is necessary to consider whether the reduction in their fair value is significantly below cost and whether it will be for a prolonged period of time. The cumulative gain or loss reclassified from equity to profit or loss when the financial assets are impaired is the difference between their acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss. Impairment losses recognized in the Consolidated Income Statement are not subsequently reversed through the Consolidated Income Statement.

Acquisitions and disposals of financial assets are recognized on the trading date, i.e. the date upon which there is a commitment to purchase or sell the asset. Available for sale financial assets are derecognized when the right to receive cash flows from the investment has expired or has been transferred and all the risks and rewards derived from owning the asset have likewise been substantially transferred.

At the date of each Consolidated Statement of Financial Position, the Group evaluates if there is any objective evidence that the value of any financial asset or any group of financial assets has been impaired. This process requires significant judgment. To make this judgment, the Group assesses, among other factors, for how long and to what extent the fair value of an investment will be below its cost, considering the financial health and short-term prospects of the company issuing the securities, including factors such as the industry and sector return, changes in the technology and cash flows from operating and financing activities.

2.10. Derivative financial instruments and hedging activities

Derivatives are recorded at fair value. The Company applies hedge accounting to all hedging derivatives that qualify to be accounted for as hedges under IFRS.

When hedge accounting is applied, hedging strategy and risk management objectives are documented at inception, as well as the relationship between hedging instruments and hedged items. Effectiveness of the hedging relationship needs to be assessed on an ongoing basis. Effectiveness tests are performed prospectively and retrospectively at inception and at each reporting date, following the dollar offset method or the regression method, depending on the type of derivatives.

The Company has three types of hedges:

a) Fair value hedge for recognized assets and liabilities

Changes in fair value of the derivatives are recorded in the Consolidated Income Statement, together with any changes in the fair value of the asset or liability that is being hedged.

b) Cash flow hedge for forecasted transactions

The effective portion of changes in fair value of derivatives designated as cash flow hedges are recorded temporarily in equity and are subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Any ineffective portion of the hedged transaction is recorded in the Consolidated Income Statement as it occurs.

When options are designated as hedging instruments (such as interest rate options described in Note 14), the intrinsic value and time value of the financial hedge instrument are separated. Changes in intrinsic value which are highly effective are recorded in equity and subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Changes in time value are recorded in the Consolidated Income Statement, together with any ineffectiveness.

When the hedged forecasted transaction results in the recognition of a non-financial asset or liability, gains and losses previously recorded in equity are included in the initial cost of the asset or liability.

When the hedging instrument matures or is sold, or when it no longer meets the requirements to apply hedge accounting, accumulated gains and losses recorded in equity remain as such until the forecast transaction is ultimately recognized in the Consolidated Income Statement. However, if it becomes unlikely that the forecasted transaction will actually take place, the accumulated gains and losses in equity are recognized immediately in the Consolidated Income Statement.

c) Net investment hedges in foreign operation

Hedges of a net investment in a foreign operation, including the hedging of a monetary item considered part of a net investment, are recognized in a similar way to cash flow hedges. The foreign currency transaction gain or loss on the non-derivative hedging instrument that is designated as, and is effective as, an economic hedge of the net investment in a foreign operation shall be reported in the same manner as a translation adjustment. That is, such foreign currency transaction gain or loss shall be reported in the cumulative translation adjustment section of equity to the extent it is effective as a hedge, as long as the following conditions are met: the notional amount of the non-derivative instrument matches the portion of the net investment designated as being hedged and the non-derivative instrument is denominated in the functional currency of the hedged net investment. In that circumstance, no hedge ineffectiveness would be recognized in earnings.

Amounts recorded in equity will be reclassified to the Consolidated Income Statement when the foreign operation is sold or otherwise disposed of.

Contracts held for the purposes of receiving or making payment of non-financial elements in accordance with expected purchases, sales or use of goods (‘own-use contracts’) of the Group are not recognized as derivative instruments, but as executory contracts. In the event that such contracts include embedded derivatives, they are recognized separately from the host contract, if the economic characteristics of the embedded derivative are not closely related to the economic characteristics of the host contract. The options contracted for the purchase or sale of non-financial elements which may be cancelled through cash outflows are not considered to be own-use contracts.

Changes in fair value of derivative instruments which do not qualify for hedge accounting are recognized immediately in the Consolidated Income Statement. Trading derivatives are classified as a current assets or liabilities.

2.11. Fair value estimates

Financial instruments measured at fair value are presented in accordance with the following level classification based on the nature of the inputs used for the calculation of fair value:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Fair value is measured based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value is measured based on unobservable inputs for the asset or liability.

In the event that prices cannot be observed, the management shall make its best estimate of the price that the market would otherwise establish based on proprietary internal models which, in the majority of cases, use data based on observable market parameters as significant inputs (Level 2) but occasionally use market data that is not observed as significant inputs (Level 3). Different techniques can be used to make this estimate, including extrapolation of observable market data. The best indication of the initial fair value of a financial instrument is the price of the transaction, except when the value of the instrument can be obtained from other transactions carried out in the market with the same or similar instruments, or valued using a valuation technique in which the variables used only include observable market data, mainly interest rates. According to current legislation (IFRS-EU), differences between the transaction price and the fair value based on valuation techniques that use data that is not observed in the market, are not initially recognized in the income statement.

a) Level 2 valuation

The majority of Abengoa's portfolio comprises financial derivatives designated as cash flow hedges, is classified as level 2 and corresponds mainly to the interest rate swaps (see Note 14).

Credit risk effect on the valuation of derivatives is calculated for each of the instruments in the portfolio of derivatives classified within level 2, using the own risk of the Abengoa companies and financial counterparty risk.

Description of the valuation method

- Interest rate swaps

  Interest rate swap valuations are made by valuing the swap component of the contract and valuing the credit risk.

  The most common methodology used by the market and applied by Abengoa to value interest rate swaps is to discount the expected future cash flows according to the parameters of the contract. Variable interest rates, which are needed to estimate future cash flows, are calculated using the curve for the corresponding currency and extracting the implicit rates for each of the reference dates in the contract. These estimated flows are discounted with the swap zero curve for the reference period of the contract 1, 3 or 6 months.

  The effect of the credit risk on the valuation of the interest rate swaps depends on its settlement. If the settlement is favorable for the Company, the counterparty credit spread will be incorporated to quantify the probability of default at maturity. If the expected settlement is negative for the company, its own credit risk will be applied to the final settlement.

  Classic models for valuing interest rate swaps use deterministic valuation of variable rates, based on future outlooks. When quantifying credit risk, this model is limited by considering only the risk for the current paying party, ignoring the fact that the derivative could change sign at maturity. A payer and receiver swaption model is used for these cases. This enables the associated risk in each swap position to be reflected. Thus, the model shows each agent's exposure, on each payment date, as the value of entering into the 'tail' of the swap, i.e. the live part of the swap.

- Interest rate Caps and Floors

  Interest rate caps and floors are valued by separating the derivative in the successive caplets/floorlets that comprise the transaction. Each caplet or floorlet is valued as a call or put option, respectively, on the reference interest rate, for which the Black-Scholes approach is used for European-type options (exercise at maturity) with minor adaptations and following the Black-76 model.

- Forward foreign exchange transactions

  Forward contracts are valued by comparing the contracted forward rate and the rate in the valuation scenario at the maturity date. The contract is valued by calculating the cash flow that would be obtained or paid from theoretically closing out the position and then discounting that amount.

- Commodity swaps

  Commodity swaps are valued in the same way as forward foreign exchange contracts, calculating the cash flow that would be obtained or paid from theoretically closing out the position.

- Equity options

  Equity options are valued using the Black-Scholes model for American-type options on equities.

- Embedded derivatives in convertible bonds

  The embedded derivatives in convertible bonds consist of an option to convert the bond into shares in favor of the bondholder; call options for the issuer to repurchase the bonds at a specific price on specific dates; and put options for the bondholder to redeem the bonds at a specific price and on specific dates. Since these are Bermuda-type options (multiple exercise dates), they are valued using the Longstaff-Schwartz model and the Monte Carlo method.

Variables (Inputs)

Interest rate derivative valuation models use the corresponding interest rate curves for the relevant currency and underlying reference in order to estimate the future cash flows and to discount them. Market prices for deposits, futures contracts and interest rate swaps are used to construct these curves. Interest rate options (caps and floors) also use the volatility of the reference interest rate curve.

Exchange rate derivatives are valued using the interest rate curves of the underlying currencies in the derivative, as well as the corresponding spot exchange rates.

The inputs in equity models include the interest rate curves of the corresponding currency, the price of the underlying asset, as well as the implicit volatility and any expected future dividends.

To estimate the credit risk of the counterparty, the credit default swap (CDS) spreads curve is obtained in the market for important individual issuers. For less liquid issuers, the spreads curve is estimated using comparable CDSs or based on the country curve. To estimate proprietary credit risk, prices of debt issues in the market and CDSs for the sector and geographic location are used.

The fair value of the financial instruments that results from the aforementioned internal models, takes into account, among other factors, the terms and conditions of the contracts and observable market data, such as interest rates, credit risk, exchange rates, commodities and share prices, and volatility. The valuation models do not include significant levels of subjectivity, since these methodologies can be adjusted and calibrated, as appropriate, using the internal calculation of fair value and subsequently compared to the corresponding actively traded price. However, valuation adjustments may be necessary when the listed market prices are not available for comparison purposes.

b) Level 3 valuation

Level 3 includes available for sale financial assets, as well as derivative financial instruments whose fair value is calculated based on models that use non observable or illiquid market data as inputs.

Fair value within these elements was calculated by taking as the main reference the value of the investment - the company's cash flow generation based on its current business plan, discounted at a rate appropriate for the sector in which each of the companies is operating. Valuations were obtained from internal models. These valuations could vary where other models and assumptions made on the principle variables had been used, however the fair value of the assets and liabilities, as well as the results generated by these financial instruments are considered reasonable.

Detailed information on fair values is included in Note 12.

2.12. Inventories

Inventories are valued at the lower of cost or net realizable value. In general, cost is determined by using the first-in-first-out (FIFO) method. The cost of finished goods and work in progress includes design costs, raw materials, direct labor, other direct costs and general manufacturing costs (assuming normal operating capacity). Borrowing costs are not included. The net realizable value is the estimated sales value in the normal course of business, less applicable variable selling costs.

Cost of inventories includes the transfer from equity of gains and losses on qualifying cash-flow hedging instruments related with the purchase of raw materials or with foreign exchange contracts.

2.13. Biological assets

Abengoa recognizes sugar cane in production as biological assets. The production period of sugar cane covers the period from preparation of the land and sowing the seedlings until the plant is ready for first production and harvesting. Biological assets are classified as property, plant and equipment in the Consolidated Statement of Financial Position. Biological assets are recognized at fair value, calculated as the market value less estimated harvesting and transport costs.

Agricultural products harvested from biological assets, which in the case of Abengoa are cut sugar cane, are classified as inventories and measured at fair value less estimated sale costs at the point of sale or harvesting.

Fair value of biological assets is calculated using as a reference the forecasted market price of sugarcane, which is estimated using public information and estimates on future prices of sugar and ethanol. Fair value of agricultural products is calculated using as a reference the price of sugar cane made public on a monthly basis by the Cane, Sugar and Alcohol Producers Board (Consecana).

Gains or losses arising as a result of changes in the fair value of such assets are recorded within 'Operating profit' in the Consolidated Income Statement.

To obtain the fair value of the sugar cane while growing, a number of assumptions and estimates have been made in relation to the area of land sown, the estimated TRS (Total Recoverable Sugar contained within the cane) per ton to be harvested and the average degree of growth of the agricultural product in the different areas sown.

2.14. Clients and other receivables

Clients and other receivables relate to amounts due from customers for sales of goods and services rendered in the normal course of operation.

Clients and other receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. Trade receivables due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

A provision for impairment of trade receivables is recorded when there is objective evidence that the Group will not be able to recover all amounts due as per the original terms of the receivables. The existence of significant financial difficulties, the probability that the debtor is in bankruptcy or financial reorganization and the lack or delay in payments are considered evidence that the receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. When a trade receivable is uncollectable, it is written off against the bad debt provision.

Clients and other receivables which have been factored with financial entities are derecognized and hence removed from assets on the Consolidated Statement of Financial Position only if all risks and rewards of ownership of the related financial assets have been transferred, comparing the Company's exposure, before and after the transfer, to the variability in the amounts and the calendar of net cash flows from the transferred asset. Once the Company's exposure to this variability has been eliminated or substantially reduced, the financial asset has been transferred, and is derecognized from the Consolidated Statement of Financial Position (See Note 4.b).

2.15. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in bank and other highly-liquid current investments with an original maturity of three months or less which are held for the purpose of meeting short-term cash commitments.

In the Consolidated Statement of Financial Position, bank overdrafts are classified as borrowings within current liabilities.

2.16. Share capital

Parent company shares are classified as equity. Transaction costs directly attributable to new shares are presented in equity as a reduction, net of taxes, to the consideration received from the issue.

Treasury shares are classified in Equity-Parent company reserves. Any amounts received from the sale of treasury shares, net of transaction costs, are classified as equity.

2.17. Government grants

Non-refundable capital grants are recognized at fair value when it is considered that there is a reasonable assurance that the grant will be received and that the necessary qualifying conditions, as agreed with the entity assigning the grant, will be adequately met.

Grants related to income are recorded as liabilities in the Consolidated Statement of Financial Position and are recognized in 'Other operating income' in the Consolidated Income Statement based on the period necessary to match them with the costs they intend to compensate.

Grants related to fixed assets are recorded as non-current liabilities in the Consolidated Statement of Financial Position and are recognized in 'Other operating income' in the Consolidated Income Statement on a straight-line basis over the estimated useful economic life of the assets.

2.18. Loans and borrowings

External resources are classified in the following categories:

a) project debt (see note 19);

b) corporate financing (see Note 20).

Loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost and any difference between the proceeds initially received (net of transaction costs incurred in obtaining such proceeds) and the repayment value is recognized in the Consolidated Income Statement over the duration of the borrowing using the effective interest rate method.

Interest free loans and loans with interest rates below market rates, mainly granted for research and development projects, are initially recognized at fair value in liabilities in the Consolidated Statement of Financial Position. The difference between proceeds received from the loan and its fair value is initially recorded within 'Grants and Other liabilities' in the Consolidated Statement of Financial Position, and subsequently recorded in 'Other operating income- Grants' in the Consolidated income statement when the costs financed with the loan are expensed. In the case of interest free loans received for development projects where the Company record an intangible asset, income from the grant will be recognized according to the useful life of the asset, at the same rate as we record its amortization.

Commissions paid for obtaining credit lines are recognized as transaction costs if it is probable that part or all of the credit line will be drawn down. If this is the case, commissions are deferred until the credit line is drawn down. If it is not probable that all or part of the credit line will be drawn down, commission costs are expensed in the period.

2.18.1. Convertible notes

Pursuant to the Terms and Conditions of each of the convertible notes issued except for the 2019 notes, when investors exercise their conversion right, the Company may decide whether to deliver shares of the company, cash, or a combination of cash and shares (see Note 20.3 for further information).

In accordance with IAS 32 and 39, since Abengoa has a contractual right to choose the type of payment and one of these possibilities is paying through a variable number of shares and cash, the conversion option qualifies as an embedded derivative. Thus, the convertible bond is considered a hybrid instrument, which includes a component of debt and an embedded derivative for the conversion option held by the bondholder.

The Company initially measures the embedded derivative at fair value and classifies it under the derivative financial instruments liability heading. At the end of each period, the embedded derivative is re-measured and changes in fair value are recognized under 'Other net finance income or expense' within the 'Finance expense net' line of the Consolidated Income Statement. The debt component of the bond is initially recorded as the difference between the proceeds received for the notes and the fair value of the aforementioned embedded derivative. Subsequently, the debt component is measured at amortized cost until it is settled upon conversion or maturity. Debt issuance costs are recognized as a deduction in the value of the debt in the Consolidated Statement of Financial Position and included as part of its amortized cost.

In relation to the convertible bonds maturing in 2019, at the beginning of 2014, the Board of Directors expressly and irrevocably stated, with binding effect, that in relation to the right conferred on Abengoa to choose the type of payment, the Company shall not exercise the cash settlement option in the event that bondholders decide to exercise their conversion right early during the period granted for that effect and Abengoa, S.A. shall therefore only settle this conversion right in a fixed number of shares. Accordingly, the fair value at the beginning of the year of the derivative liability embedded in the convertible bond was reclassified as equity since after that date the conversion option meets the definition of an equity instrument.

2.18.2. Ordinary notes

The company initially recognizes ordinary notes at fair value, net of issuance costs incurred. Subsequently, notes are measured at amortized cost until settlement upon maturity. Any other difference between the proceeds

obtained (net of transaction costs) and the redemption value is recognized in the Consolidated Income Statement over the term of the debt using the effective interest rate method.

2.19. Current and deferred income taxes

Income tax expense for the period comprises current and deferred income tax. Income tax is recognized in the Consolidated Income Statement, except to the extent that it relates to items recognized directly in equity. In these cases, income tax is also recognized directly in equity.

Current income tax expense is calculated on the basis of the tax laws in force or about to enter into force as of the date of the Consolidated Statement of Financial Position in the countries in which the subsidiaries and associates operate and generate taxable income.

Deferred income tax is calculated in accordance with the Consolidated Statement of Financial Position liability method, based upon the temporary differences arising between the carrying amount of assets and liabilities and their tax base. However, deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined using tax rates and regulations which are enacted or substantially enacted at the date of the Consolidated Statement of Financial Position and are expected to apply and/or be in force at the time when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only when it is probable that sufficient future taxable profit will be available to use deferred tax assets.

Deferred taxes are recognized on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is not probable that temporary differences will reverse in the foreseeable future.

2.20. Employee benefits

Bonus schemes

The Group records the amount annually accrued in accordance with the percentage of compliance with the plan's established objectives as personnel expense in the Consolidated Income Statement

Expenses incurred from employee benefits are disclosed in Note 29

2.21. Provisions and contingencies

Provisions are recognized when:

- there is a present obligation, either legal or constructive, as a result of past events;
- it is more likely than not that there will be a future outflow of resources to settle the obligation; and
- the amount has been reliably estimated.

Provisions are initially measured at the present value of the expected outflows required to settle the obligation and subsequently valued at amortized cost following the effective interest method.

Contingent liabilities are possible obligations, existing obligations with low probability of a future outflow of economic resources and existing obligations where the future outflow cannot be reliably estimated. Contingences are not recognized in the Consolidated Statements of Financial Position unless they have been acquired in a business combination.

2.22. Trade payables and other liabilities

Trade payables and other liabilities are obligations arising from the purchase of goods or services in the ordinary course of business and are recognized initially at fair value and are subsequently measured at their amortized cost using the effective interest method.

Other liabilities are obligations not arising from the purchase of goods or services in the normal course of business and which are not treated as financing transactions.

Advances received from customers are recognized as 'Trade payables and other current liabilities'

2.23. Foreign currency transactions

a) Functional currency

Financial statements of each subsidiary within the Group are measured and reported in the currency of the principal economic environment in which the subsidiary operates (subsidiary's functional currency). The Consolidated Financial Statements are presented in euro, which is Abengoa's functional and reporting currency.

b) Transactions and balances

Transactions denominated in a currency different from the subsidiary's functional currency are translated into the subsidiary's functional currency applying the exchange rates in force at the time of the transactions. Foreign currency gains and losses that result from the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currency at the year-end rates are recognized in the Consolidated Income Statement, unless they are deferred in equity, as occurs with cash-flow hedges and net investment in foreign operations hedges.

c) Translation of the financial statements of foreign companies within the Group

Income Statements and Statements of Financial Position of all Group companies with a functional currency different from the group's reporting currency (Euro) are translated to Euros as follows:

1) All assets and liabilities are translated to Euros using the exchange rate in force at the closing date of the Financial Statements.

2) Items in the Income Statement are translated into Euros using the average annual exchange rate, calculated as the arithmetical average of the average exchange rates for each of the twelve months of the year, which does not differ significantly from using the exchange rates of the dates of each transaction.

3) The difference between equity, including profit or loss calculated as described in (2) above, translated at the historical exchange rate, and the net financial position that results from translating the assets, and liabilities in accordance with (1) above, is recorded in equity in the Consolidated Statement of Financial Position under the heading 'Accumulated currency translation differences'.

Results of companies carried under the equity method are translated at the average annual exchange rate calculated described in (2) above.

Goodwill arising on the acquisition of a foreign company is treated as an asset of the foreign company and is translated at the year-end exchange rate.

2.24. Revenue recognition

a) Ordinary income

Ordinary income comprises the fair value of sales of goods or services, excluding VAT or similar taxes, any discounts or returns and excluding sales between Group entities.

Ordinary income is recognized as follows:

- Income from the sale of goods is recognized when the Group delivers the goods to the client, the client accepts them and it is reasonably certain that the related receivables will be collectible.
- Income from the sale of services is recognized in the period in which the service is provided.
- Interest income is recognized using the effective interest rate method. When a receivable is considered impaired, the carrying amount is reduced to its recoverable amount, discounting the estimated future cash flows at the original effective interest rate of the instrument and recording the discount as a reduction in interest income. Income from interest on loans that have been impaired is recognized when the cash is collected or on the basis of the recovery of the cost when the conditions are guaranteed.
- Dividend income is recognized when the right to receive payment is established.

b) Construction contracts

Costs incurred in relation to construction contracts are recognized when incurred. When the outcome of a construction contract cannot be reliably estimated, revenues are only recognized up to the amount of the costs incurred to date that are likely to be recovered.

When the outcome of a construction contract can be reliably estimated and it is probable that it will be profitable, revenue from the contract is recognized over the term of the contract. When it is probable that the costs of the project will be greater than its revenue, expected loss is recognized immediately as an expense. To determine the appropriate amount of revenue to be recognized in any period, the percentage of completion method is applied. The percentage of completion method considers, at the date of the Statement of Financial Position, the actual costs incurred as a percentage of total estimated costs for the entire contract.

Partial billing that has not yet been settled by the clients and withholdings are included under the Trade and other receivables heading.

Gross amounts owed by clients for ongoing works in which the costs incurred plus recognized profits (minus recognized losses) exceed partial billing are presented as assets under the heading of 'Unbilled Revenue' within 'Clients and other receivables' heading of the Statement of Financial Position.

On the other hand, amounts outstanding from customers for work in progress for which the billing to date is greater than the costs incurred plus recognized profits (less recognized losses) are shown as liabilities within the line item 'Advance payments from clients' in the Trade payables and other current liabilities caption of the Consolidated Statement of Financial Position.

Lastly, as stated in point 2.4 on the measurement of property, plant and equipment in internal asset construction projects outside the scope of IFRIC 12 on Service Concession Arrangements (see Note 2.5),

revenues and profits between group companies are eliminated, meaning that such assets are shown at their acquisition cost.

c) Concession contracts

Concession contracts are public services agreements for periods usually between 20 and 30 years including both the construction of infrastructure and future services associated with the operation and maintenance of assets in the concession period which are under the scope of IFRIC 12. Revenue recognition, as well as, the main characteristics of these contracts are detailed in Note 2.5.

2.25. Leases

Lease contracts of fixed assets in which a Group company is the lessee and substantially retains all the risks and rewards associated with the ownership of the assets are classified as finance leases.

Finance leases are recognized at inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments over the contract term. Each lease payment is distributed between debt and financing costs, in a way which establishes a constant interest rate on the outstanding debt. The amounts to be paid over the lease term, net of financing costs, are recognized as non-current and current payables, as appropriate. The interest portion of the financing costs is charged to the Consolidated Income Statement over the period of the lease agreement, in order to obtain a constant periodic interest rate on the balance of the outstanding debt in each period. Assets acquired under finance lease agreements are depreciated over the shorter of the useful life of the asset and the lease term.

Lease agreements undertaken by the Group in which the entity entering into the agreement does not substantially retain all the risks and rewards associated with the ownership of the asset are classified as operating leases. Payments made under operating leases are charged to the Consolidated Income Statement (net of any incentives received from the lessor) on a straight-line basis over the lease term.

2.26. Segment reporting

Information on the Group's operating segments is presented in accordance with internal information provided to the Group's Chief Operating Decision Maker (CODM). The CODM, responsible for assigning resources and evaluating the performance of the operating segments, has been identified as the CEO and the Chairman.

As described in Note 5, the CODM reviews the business by 6 operating segments which are in turn grouped, for business purposes, into three activities: Engineering & Construction, Concession-type Infrastructures and Industrial Production.

Geographically, the Group reports financial information by 6 regions which are Spain (home market), North America, South America (except Brazil), Brazil, Europe (except Spain) and other (the remaining overseas markets).

For detailed information on segment reporting, see Note 5.

2.27. Environmental assets

Equipment, installations and systems used to eliminate, reduce or control possible environmental impacts are recognized applying the same criteria used for other similar assets.

Provisions made for environmental restoration, costs of restructuring and litigations are recognized when the company has a legal or constructive obligation as a result of past events, it becomes probable that an outflow of resources will be necessary to settle the obligation and the outflow can be reliably estimated.

Note 33.6 gives additional information on the Group's environmental policies.

2.28. Severance payments

Severance payments are made to employees in the event that the company terminates their employment contract prior to the normal retirement age or when the employee voluntarily accepts redundancy in the terms offered by the employer. The Group recognizes severance payments when it is demonstrably committed to third parties to provide indemnities for leaving the company or to dismiss the current workers in accordance with a detailed formal plan, with no possibility of retracting.

2.29. Assets held for sale and discontinued operations

The Group classifies property, plant and equipment, intangible assets and disposal groups (groups of assets that are to be sold together with their directly associated liabilities) as non-current assets held for sale when, at the date of the Consolidated Statement of Financial Position, an active program to sell them has been initiated by Management and the sale is foreseen to take place within the following twelve months.

The Group includes in discontinued operations those business lines which have been sold or otherwise disposed of or those that meet the conditions to be classified as held-for-sale. Discontinued operations also include those assets which are included in the same sale program together with the business line. Entities which are acquired exclusively with a view for resale are also classified as discontinued operations.

Assets held for sale or disposal groups are measured at the lower of their carrying value or fair value less estimated costs necessary to sell them. They are no longer amortized or depreciated from the moment they are classified as non-current assets held for sale.

Assets held for sale and the components of disposal groups are presented in the Consolidated Statement of Financial Position grouped under a single heading as 'Assets held for sale'. Liabilities are also grouped under a single heading as 'Liabilities held for sale'.

The after-tax profit or loss on discontinued operations is presented in a single line within the Consolidated Income Statement under the heading 'Profit (loss) from discontinued operations, net of tax'.

As indicated in IFRS 5, the elimination of intragroup transactions with companies classified as discontinued operations are performed in continuing operations or in the line of discontinued operations, depending on how they reflect more appropriately the business' continuity or not in each case.

Further information is provided on Non-current assets held for sale and discontinued operations in Note 7.

Note 3.- Critical accounting policies

The preparation of the Consolidated Financial Statements in conformity with IFRS requires to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates under different assumptions or conditions. The most critical accounting policies, which reflect significant management estimates and judgment to determine amounts in the Consolidated Financial Statements are:

- Impairment of intangible assets and goodwill.
- Revenue from construction contracts.
- Concession agreements.
- Income taxes and recoverable amount of deferred tax assets.
- Derivative financial instruments and hedging.

Some of these accounting policies require the application of significant judgment by management to select the appropriate assumptions to determine these estimates. These assumptions and estimates are based on Company's historical experience, advice from experienced consultants, forecasts and other circumstances and expectations as of the close of the financial period. The assessment is considered in relation to the global economic situation of the industries and regions where the Group operates, taking into account future development of the businesses. By their nature, these judgments are subject to an inherent degree of uncertainty; therefore, actual results could materially differ from the estimates and assumptions used. In such cases, the carrying values of assets and liabilities are adjusted.

As of the date of preparation of these Consolidated Financial Statements, no relevant changes in the estimates made are anticipated and, therefore, no significant changes in the value of the assets and liabilities recognized at December 31, 2014 are expected.

Although these estimates and assumptions are being made using all available facts and circumstances, it is possible that future events may require management to amend such estimates and assumptions in future periods. Changes in accounting estimates are recognized prospectively, in accordance with IAS 8, in the Consolidated Income Statement of the year in which the change occurs. The Group significant accounting policies have been fully described in Note 2.

Impairment of intangible assets and goodwill

Goodwill and Intangible assets which have not yet come into operation or that have an indefinite useful life are not amortized and are tested for impairment on an annual basis or whenever there is an impairment indicator. Goodwill is tested for impairment within the Cash-Generating Unit to which it belongs. Other intangible assets are tested individually, unless they do not generate cash flows independently from other assets, in which case they are tested within the Cash-Generating Unit to which they belong.

For those cash generating units with high potential growth, the Group uses cash flow projections for a period of 10 years based on the cash flows identified in the Group's strategic plans, which are reviewed and approved every six months by the Management of the Group. The residual value is calculated based on the cash flows of the latest year projected using a steady or nil growth rate. The use of a 10 year period is based on the consideration that this is the minimum period that needs to be used in order to appropriately reflect all the potential growth of these cash generating units. In addition, 10 year projections are prepared based on the historical experience within the Group in preparing long-term strategic plans, which are considered reliable and are prepared on the basis of the Group's internal control system. These cash flows are considered reliable since they can easily adapt to the changes of the market and of the business segment to which cash generating units belong, based on the Group's past experience on cash flows and margins and on future expectations.

For other cash generating units the Group uses cash flows projections based on a period of 5 years, calculating the residual value based on the cash flows of the latest year projected, using a growth rate 'using a zero growth rate'.

Projected cash flows are discounted using the Weighted Average Cost of Capital (see Note 2.8), adjusted for the specific risks associated to the business unit to which the cash generating unit belongs.

Based on values in use calculated in accordance with the assumptions and hypotheses described above and in Note 8 for the years 2014 and 2013, the recoverable amount of the cash generating units to which goodwill was assigned is higher than their carrying amount. Detailed sensitivity analysis has been carried out and the Management is confident that the carrying amount of the cash generating units will be recovered in full. Main variables considered in sensitivity analysis are growth rates, discount rates based in weighted average cost of capital (WACC) and the main variables of each business.

During the years 2014 and 2013 there were no intangible assets with indefinite useful life and there were no significant intangible assets not yet in use that were impaired.

Revenue from construction contracts

Revenue from construction contracts is recognized using the percentage-of-completion method for contracts whose outcome can be reliably estimated and it is probable that they will be profitable. When the outcome of a construction contract cannot be reliably estimated, revenue is recognized only to the extent it is probable that contract costs incurred will be recoverable.

As described in Note 2.24.b), the percentage of completion is determined at the date of every Consolidated Statement of Financial Position based on the actual costs incurred as a percentage of total estimated costs for the entire contract.

Revenue recognition using the percentage-of-completion method involves the use of estimates of certain key elements of the construction contracts, such as total estimated contract costs, allowances or provisions related to the contract, period of execution of the contract and recoverability of the claims. The Company has established, over the years, a robust project management and control system, with periodic monitoring of each project. This system is based on the long-track record of the Group in constructing complex infrastructures and installations. As far as practicable, the Group applies past experience in estimating the main elements of construction contracts and relies on objective data such as physical inspections or third parties confirmations. Nevertheless, given the highly tailored characteristics of the construction contracts, most of the estimates are unique to the specific facts and circumstances of each contract.

Although estimates on construction contracts are periodically reviewed on an individual basis, we exercise significant judgments and not all possible risks can be specifically quantified.

It is important to point out that, as stated in Note 2.4 on the measurement of property, plant and equipment, in the internal asset construction projects outside the scope of IFRIC 12 on Service Concession Arrangements (see Note 2.5), the totality of the revenues and profits between group companies is eliminated, meaning that said assets are shown at their acquisition cost.

Concession Agreements

The analysis on whether the IFRIC 12 applies to certain contracts and activities involves various complex factors and it is significantly affected by legal interpretation of certain contractual agreements or other terms and conditions with public sector entities.

Therefore, the application of IFRIC 12 requires extensive judgment in relation with, amongst other factors, (i) the identification of certain infrastructures (and not contractual agreements) in the scope of IFRIC 12, (ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the recognition of the revenue from construction and concessionary activity.

Changes in one or more of the factors described above may significantly affect the conclusions as to the appropriateness of the application of IFRIC 12 and, therefore, the results of operations or our financial position (see Note 10.1).

Income taxes and recoverable amount of deferred tax assets

Determining income tax expense requires judgment in assessing the timing and the amount of deductible and taxable items, as well as the interpretation and application of tax laws in different jurisdictions. Due to this fact, contingencies or additional tax expenses could arise as a result of tax inspections or different interpretations of certain tax laws by the corresponding tax authorities.

Group Management assesses the recoverability of deferred tax assets on the basis of estimates of the future taxable profit. In making this assessment, Management considers the foreseen reversal of deferred tax liabilities, projected taxable profit and tax planning strategies. This assessment is carried out on the basis of internal projections, which are updated to reflect the Group's most recent operating trends.

The Group's current and deferred income taxes may be impacted by events and transactions arising in the normal course of business as well as by special non-recurring circumstances. Assessment of the appropriate amount and classification of income taxes is dependent on several factors, including estimates of the timing and realization of deferred tax assets and the timing of income tax payments.

Actual collections and payments may materially differ from these estimates as a result of changes in tax laws as well as unforeseen future transactions impacting the income tax balances.

Derivatives financial instruments and hedging

The Group uses derivatives in order to mitigate risks arising from foreign exchange, interest rates and changes in the prices of assets and commodities purchased (principally aluminum, grain, ethanol, sugar and gas). Derivatives are initially recognized at fair value on the date that the derivative contract is entered into, and are subsequently re-measured at fair value at each reporting date (see Notes 2.10 and 2.11 for a full description of the accounting policy for derivatives).

Contracts held for the purposes of receiving or making payment of non-financial elements in accordance with expected purchases, sales or use of goods (own-use contracts) of the Group are not recognized as financial derivative instruments, but as executory contracts. In the event that such contracts include embedded derivatives, those derivatives are recorded separately from the original contract, if the economic characteristics of the embedded derivative are not closely related to the economic characteristics of the original host contract. Options contracted for the purchase or sale of non-financial elements which may be cancelled through cash outflows are not considered to be 'own-use contracts'.

The inputs used to calculate fair value of our derivatives are based on prices observable on not quoted markets, through the application of valuation models (Level 2). The valuation techniques used to calculate fair value of

our derivatives include discounting estimated future cash flows, using assumptions based on market conditions at the date of valuation or using market prices of similar comparable instruments, amongst others. The valuation of derivatives and the identification and valuation of embedded derivatives and own-use contracts requires the use of considerable professional judgment. These determinations were based on available market information and appropriate valuation methodologies. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Note 4.- Financial risk management

Abengoa's activities are undertaken through its operating segments and are exposed to various financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk.

The risk management model attempts to minimize the potential adverse impact of such risks upon the Group's financial performance. Risk is managed by the Group's Corporate Finance Department, which is responsible for identifying and evaluating financial risks in conjunction with the Group's operating segments, quantifying them by project, region and company.

Written internal risk management policies exist for global risk management, as well as for specific areas of risk, such as foreign exchange risk, credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives and the investment of cash surpluses.

In addition, there are official written management regulations regarding key controls and control procedures for each company and the implementation of these controls is monitored through Internal Audit procedures.

The Group is affected by the following financial risks:

a) Market risk

Market risk arises when group activities are exposed fundamentally to financial risk derived from changes in foreign exchange rates, interest rates and changes in the fair values of certain raw materials.

To hedge such exposure, Abengoa uses currency forward contracts, options and interest rate swaps as well as future contracts for commodities. The Group does not generally use derivatives for speculative purposes.

› Foreign exchange rate risk: the international activity of the Group generates exposure to foreign exchange rate risk. Foreign exchange rate risk arises when future commercial transactions and assets and liabilities recognized are not denominated in the functional currency of the group company that undertakes the transaction or records the asset or liability. The main exchange rate exposure for the Group relates to the US Dollar against the Euro.

To control foreign exchange risk, the Group purchases forward exchange contracts. Such contracts are designated as fair-value or cash-flow hedges, as appropriate.

In the event that the exchange rate of the US Dollar had risen by 10% against the Euro as of December 31, 2014, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been a loss of €1,103 thousand (loss of €8,496 thousand in 2013) mainly due to the US Dollar net liability position of the Group in companies with Euro functional currency and an increase of € 36,315 thousand (increase of €1,192 in 2013) in other reserves as a result of the cash flow hedging effects on highly probable future transactions.

Details of the financial hedging instruments and foreign currency payments as of December 31, 2014 and 2013 are included in Note 14 of these Notes to these Consolidated Financial Statements.

› Interest rate risk: arises mainly from financial liabilities at variable interest rates.

Abengoa actively manages its risks exposure to variations in interest rates associated with its variable interest debt.

In project debt (see Note 19), as a general rule, the Company enters into hedging arrangements for at least 80% of the amount and the timeframe of the relevant financing.

In corporate financing (see Note 20), as a general rule, 80% of the debt is covered throughout the term of the debt; in addition, in 2009, 2010, 2013 and 2014, Abengoa issued notes at a fixed interest rate.

The main interest rate exposure for the Group relates to the variable interest rate with reference to the Euribor.

To control the interest rate risk, the Group primarily uses interest rate swaps and interest rate options (caps and collars), which, in exchange for a fee, offer protection against an increase in interest rates.

In the event that Euribor had risen by 25 basic points as of December 31, 2014, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been a profit of €9,182 thousand (profit of €13,669 thousand in 2013) mainly due to the increase in time value of hedge interest rate options (caps and collars) and an increase of € 35,591 thousand in other reserves (increase of €48,050 thousand in 2013) mainly due to the increase in value of hedging interest derivatives (swaps, caps and collars).

A breakdown of the interest rate derivatives as of December 31, 2014 and 2013 is provided in Note 14 of these Notes to the Consolidated Financial Statements.

› Risk of change in commodities prices: arises both through the sale of the Group's products and the purchase of commodities for production processes. The main risk of change in commodities prices for the Group is related to the price of grain, ethanol, sugar, gas, and steel.

In general, the Group uses futures and options listed on organized markets, as well as OTC (over-the-counter) contracts with financial institutions, to mitigate the risk of market price fluctuations.

At December 31, 2014, if the price of grain had increased by 10%, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been null (null in 2013) and an increase in other reserves of €49,086 thousand (increase of €4,567 thousand in 2013) due to open derivative contracts primarily on grain purchases held by the Group.

At December 31, 2014, if the price of ethanol had increased by 10%, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been null (null in 2013) and an increase in other reserves of €8,673 thousand (increase of €60,040 in 2013) due to open derivative contracts primarily on ethanol purchases held by the Group.

A breakdown of the commodity derivative instruments as of December 31, 2014 ad 2013 is included in Note 14 to these Consolidated Financial Statements.

In addition, certain Bioenergy Business Group companies engage in purchase and sale transactions in the grain and ethanol markets, in accordance with a management policy for trading transactions.

Management has approved and supplemented trading strategies to control the purchase and sale of forward and swap contracts, mainly for sugar, grain and ethanol, which are reported on a daily basis, following the internal procedures established in the Transactions Policy. As a risk-mitigation element, the company sets daily limits or 'stop losses' for each strategy, depending on the markets in which it operates, the financial instruments purchased and the risks defined in the transaction.

These transactions are measured monthly at fair value through the Consolidated Income Statement. In 2014, Abengoa recorded a profit of €3,992 thousand (profit of €15 thousand in 2013), corresponding to settled transactions in both years.

b) Credit risk

The main financial assets exposed to credit risk derived from the failure of the counterparty to meet its obligations are trade and other receivables, current financial investments and cash.

a) Clients and other receivables (see Note 15).

b) Current financial investments and cash (see Notes 13, 14, 15 and 17).

› Clients and other receivables: Most receivables relate to clients operating in a range of industries and countries with contracts that require ongoing payments as the project advances; the service is rendered or upon delivery of the product. It is a common practice for the company to reserve the right to cancel the work in the event of a material breach, especially non-payment.

  In general, and to mitigate the credit risk, prior to any commercial contract or business agreement, the company generally holds a firm commitment from a leading financial institution to purchase the receivables through a non-recourse factoring arrangement. Under these agreements, the company pays the bank for assuming the credit risk and also pays interest for the discounted amounts. The company always assumes the responsibility that the receivables are valid.

  Abengoa derecognizes the factored receivables from the Consolidated Statement of Financial Position when all the conditions of IAS 39 for derecognition of assets are met. In other words, an analysis is made to determine whether all risks and rewards of the financial assets have been transferred, comparing the company's exposure, before and after the transfer, to the variability in the amounts and the calendar of net cash flows from the transferred asset. Once the company's exposure to this variability has been eliminated or substantially reduced, the financial asset is transferred.

  In general, Abengoa considers that the most significant risk related to Clients and other receivables is the risk of non-collection, since: a) trade receivables may be quantitatively significant during the progress of work performed for a project or service rendered; b) it is not under the company's control. However, the risk of delays in payment typically relates to technical problems, i.e., associated with the technical risk of the service provided and, therefore, within the company's control.

  If the company concludes that the risk associated to the contract has been transferred to the financial institution, the receivable is derecognized in the Consolidated Statement of Financial Position at the time it is transferred, in accordance with IAS 39.20.

  An aging of trade receivables as of December 31, 2014 and 2013 is included in Note 15 'Clients and other receivable accounts'. The same note also discloses the credit quality of the clients as well as the movement on provisions for receivables for the years ended December 31, 2014 and 2013.

› Financial investments: to control credit risk in financial investments, the Group has established corporate criteria which require that counterparties are always highly rated financial entities and government debt, as well as establishing investing limits with periodic reviews.

c) Liquidity risk

Abengoa's liquidity and financing policy is intended to ensure that the company keeps sufficient funds available to meet its financial obligations as they fall due. Abengoa uses two main sources of financing:

› Project debt (Non-recourse project financing), which is typically used to finance any significant investment (see Notes 2.5 and 19). The repayment profile of each project is established on the basis of the projected cash flow generation of the business, allowing for variability depending on whether the cash flows of the transaction or project can be forecast accurately. This ensures that sufficient financing is available to meet deadlines and maturities, which mitigates the liquidity risk significantly. Despite having a commitment from a financial institution during the awarding phase of the project and since

the financing is usually completed in the latter stages of a construction project –mainly because these projects require a significant amount of technical and legal documentation to be prepared and delivered that is specific to the project (licenses, authorizations, etc.)– a bridge loan (Non-recourse project financing in process) needs to be available at the start of the construction period in order to begin construction activities as soon as possible and to be able to meet the deadlines specified in the concession agreements (see Note 19.2).

- Corporate Financing, used to finance the activities of the remaining companies which are not financed under the aforementioned financing model. This means of financing is managed through Abengoa S.A., which pools cash held by the rest of the companies so as to be able to re-distribute funds in accordance with the needs of the Group (see Notes 2.18 and 20) and to ensure that the necessary resources are obtained from the bank and capital markets.

To ensure there are sufficient funds available for debt repayment in relation to its cash-generating capacity, the Financial Management Group annually prepares and the Board of Directors reviews a Financial Plan that details all the financing needs and how such financing will be provided. We fund in advance disbursements for major cash requirements, such as capital expenditures, debt repayments and working capital requirements. In addition, as a general rule, we do not commit our own equity in projects until the associated long term financing is feasible.

During 2014, Abengoa covered its financing needs through the following financial transactions:

- The refinancing of its syndicated loans. Abengoa, S.A. signed a long term revolving financing agreement, as well as new financing transactions in subsidiaries which have the support of export credit agencies (see Note 20.2)
- Initial Public Offering of Abenga Yield Plc., in June 2014. This company completed the capital increase for a total amount of €611 million (see Note 6.2).
- Financing of certain projects through project debt (see Note 19).
- Ordinary notes issue for a total amount of €1,000 million (see Notes 19 and 20).

Abengoa aims to maintain its strong liquidity position, extend the debt maturities of its existing corporate loans and bonds, continue to access the capital markets from time to time, as appropriate, and further diversify its funding sources. The Company aims to continue to raise equity funding at the project company level through partnerships.

In accordance with the foregoing, the sources of financing are diversified, in an attempt to prevent concentrations that may affect our liquidity risk.

An analysis of the Group's financial liabilities classified into relevant maturity groupings based on the remaining period is included in the following Notes to these Consolidated Financial Statements:

Current and non-current	Notes to the consolidated financial statements
Financial debt	Note 19 Project debt and Note 20 Corporate financing
Lease-back	Note 20 Corporate financing
Finance lease	Note 20 Corporate financing
Borrowings and other loans	Note 20 Corporate financing
Trade and other accounts payable	Note 25 Trade payables and other current liabilities
Derivatives and hedging instruments	Note 14 Financial derivatives instruments
Other liabilities	Note 21 Grants and other liabilities

d) Capital risk

The Group manages capital risk to ensure the continuity of the activities of its subsidiaries from an equity standpoint by maximizing the return for the shareholders and optimizing the structure of equity and debt in the respective companies or projects.

Since the admission of its shares to trade on the stock market, the company has grown in the following ways:

- cash flows generated by conventional businesses;
- financing of new investments through project debt (project finance and bridge loan), which also generates business for conventional businesses;
- corporate financing, either through banks or capital markets;
- issuance of new shares of subsidiaries through organized markets;
- asset rotation or divestitures, such as divestiture of Befesa, the sale of mature concessional assets, the sale of a transmission line concession activity in Brazil and a water concession activity in China (for details see Note 6.3.b and 7.2);
- capital increases carried out for €300 million in 2011 and for €517.5 million in 2013 (see Note 18.1).

The leverage objective of the activities of the company is not measured based on the level of debt on its own resources, but on the nature of the activities:

- for activities financed through project debt, each project is assigned a leverage objective based on the cash and cash flow generating capacity, generally, of contracts that provide these projects with highly recurrent and predictable levels of cash flow generation;

- for activities financed with Corporate Financing, the objective is to maintain reasonable leverage, defined as 2.0 times corporate Ebitda over Net Corporate Debt in 2014.

Note 5.- Financial information by segment

5.1. Information by business segment

As indicated in Note 1, Abengoa's activity is grouped under the following three activities which are in turn composed of six operating segments:

- Engineering and construction; includes the traditional engineering business in the energy and water sectors, with more than 70 years of experience in the market. Since the beginning of 2014, this activity comprises one operating segment Engineering and Construction (previously it included also the operating segment of 'Technology and Other' that is included in the operating segment of Engineering and Construction since the beginning of 2014, in accordance with IFRS8 'Operating Segment').

  Abengoa specializes in carrying out complex turn-key projects for thermo-solar plants, solar-gas hybrid plants, conventional generation plants, biofuels plants and water infrastructures, as well as large-scale desalination plants and transmission lines, among others. In addition, this segment includes activities related to the development of thermo-solar technology, water management technology and innovative technology businesses such as hydrogen energy or the management of energy crops.

- Concession-type infrastructures; groups together the company's proprietary concession assets that generate revenues governed by long term sales agreements, such as take-or-pay contracts or power purchase agreements. This activity includes the operation of electric (solar, cogeneration or wind) energy generation plants, desalination plants and transmission lines. These assets generate low demand risk and the Company focus on operating them as efficiently as possible.

  During June 2014, the Company's subsidiary, Abengoa Yield Plc. completed an initial public offering in the US, raising capital of €611 million, and listed its shares on Nasdaq (ABY). ABY grouped ten assets previously reported in different operating segments within the Concession-type infrastructures activity. As such, ABY became a new operating segment within the activity of Concessions-Type Infrastructures after its IPO and has been reported as such in the Company's quarterly financial information since the IPO.

  At the end of 2014 the operating segment Abengoa Yield was considered as discontinued operations (see Note 7). As a result, the Concession-type infrastructures activity again comprises four operating segments as it was reported until the end of 2013:

  - Solar – Operation and maintenance of solar energy plants, mainly using thermo-solar technology.
  - Transmission – Operation and maintenance of high-voltage transmission power line infrastructures.
  - Water – Operation and maintenance of facilities aimed at generating, transporting, treating and managing water, including desalination and water treatment and purification plants.
  - Cogeneration and other – Operation and maintenance of conventional cogeneration electricity plants.

- Industrial production; covers Abengoa's businesses with a high technological component, such as development of biofuels technology. The company holds an important leadership position in these activities in the geographical markets in which it operates.

  This activity is comprised of one operating segment:

  - Biofuels – Production and development of biofuels, mainly bioethanol for transport, which uses cellulosic plant fiber cereals, sugar cane and oil seeds (soy, rape and palm) as raw materials.

Abengoa's Chief Operating Decision Maker ('CODM') assesses the performance and assignment of resources according to the above identified segments. The CODM in Abengoa considers the revenues as a measure of the activity and the EBITDA (Earnings before interest, tax, depreciation and amortization) as measure of the performance of each segment. In order to assess performance of the business, the CODM receives reports of each reportable segment using revenues and EBITDA. Net interest expense evolution is assessed on a consolidated basis given that the majority of the corporate financing is incurred at the holding level and that most investemnts in assets are held at project companies which are financed through project debt. The depreciation, amortization and impairment charges are assessed on a consolidated basis in order to analyze the evolution of net income and to determine the dividend pay-out ratio. These charges are not taken into consideration by CODM for the allocation of resources because they are non-cash charges.

The process to allocate resources by the CODM takes place prior to the award of a new project. Prior to presenting a bid, the company must ensure that the project debt for the new project has been obtained. These efforts are taken on a project by project basis. Once the project has been awarded, its evolution is monitored at a lower level and the CODM receives periodic information (revenues and EBITDA) on each operating segment's performance.

a) The following table shows the Segment Revenues and EBITDA for the years 2014 and 2013:

	Revenue		Ebitda	
Item	2014	2013	2014	2013
Engineering and construction				
Engineering and construction	4,514,496	4,831,676	805,951	806,486
Total	4,514,496	4,831,676	805,951	806,486
Concession-type infraestructure				
Solar	335,188	258,702	235,939	156,845
Transmission lines	91,347	47,497	64,289	27,657
Water	40,840	40,194	26,463	28,135
Cogeneration and other	32,036	37,951	3,941	7,344
Total	499,411	384,344	330,632	219,981
Industrial production				
Biofuels	2,136,660	2,029,111	271,439	240,907
Total	2,136,660	2,029,111	271,439	240,907
Total	7,150,567	7,245,131	1,408,022	1,267,374

The reconciliation of segment EBITDA with the profit attributable to owners of the parent is as follows:

Line	2014	2013
Total segment EBITDA	1,408,022	1,267,374
Amortization and depreciation	(474,864)	(516,368)
Financial expenses net	(854,742)	(638,948)
Share in profits/ (losses) of associates	7,018	(5,175)
Income tax expense	58,646	26,183
Profit (loss) from discontinued operations, net of tax	(22,203)	(22,742)
Profit attributable to non-controlling interests	3,415	(8,879)
Profit attributable to the parent company	125,292	101,445

b) The long term assets and liabilities by Segment at the end of 2014 and 2013 are as follows:

	Engineering and construction	Concession-type infrastructure				Industrial prod.	
Item	Eng. and const.	Solar	Trans.	Water	Cog. and other	Biofuels	Balance as of 12.31.14
Assets allocated							
Intangible assets	396,309	276	-	6,775	915	1,164,099	1,568,374
Property plant and equipment	275,952	23,113	-	4,761	-	983,487	1,287,313
Fixed assets in projects		2,111,631	2,273,131	484,317	321,102	998,184	6,188,365
Current financial investments	711,312	87,237	30,694	9,403	8,775	201,132	1,048,553
Cash and cash equivalents	498,629	339,434	119,428	36,585	34,143	782,594	1,810,813
Subtotal allocated	1,882,202	2,561,691	2,423,253	541,841	364,935	4,129,496	11,903,418
Unallocated assets							
Non-current and associated financ. invest.	-	-	-	-	-	-	997,748
Deferred tax assets	-	-	-	-	-	-	1,503,609
Other current assets	-	-	-	-	-	-	2,451,705
Assets held for sale	-	-	-	-	-	-	8,390,115
Subtotal unallocated	-	-	-	-	-	-	13,343,177
Total Assets	-	-	-	-	-	-	25,246,595

	Engineering and construction	Concession-type infrastructure				Industrial prod.	
Item	Eng. and const.	Solar	Trans.	Water	Cog. and other	Biofuels	Balance as of 12.31.14
Liabilities allocated							
L-T and S-T corpor. financing	1,351,648	983,267	362,154	105,978	98,904	2,267,006	5,168,957
L-T and S-T project debt	6,082	1,722,176	1,770,138	517,975	465,041	476,702	4,958,114
L-T and S-T lease liabilities	14,494	-	-	-	-	20,497	34,991
Subtotal allocated	1,372,224	2,705,443	2,132,292	623,953	563,945	2,764,205	10,162,062
Unallocated liabilities							
L-T Other loans and borrowings	-	-	-	-	-	-	121,402
L-T grants and other liabilities	-	-	-	-	-	-	212,606
L-T and S-T provisions and contingencies	-	-	-	-	-	-	87,879
L-T derivative financial instruments	-	-	-	-	-	-	225,298
Deferred tax liabilities	-	-	-	-	-	-	281,797
L-T personnel liabilities	-	-	-	-	-	-	56,659
Other current liabilities	-	-	-	-	-	-	5,972,202
Liabilities held for sale	-	-	-	-	-	-	5,480,518
Subtotal unallocated	-	-	-	-	-	-	12,438,361
Total liabilities	-	-	-	-	-	-	22,600,423
Equity unallocated	-	-	-	-	-	-	2,646,172
Total liabilities and equity unallocated	-	-	-	-	-	-	15,084,533
Total liabilities and equity	-	-	-	-	-	-	25,246,595

Item	Engineering and construction	Concession-type infrastructure				Industrial prod.	
	Eng. and const.	Solar	Trans.	Water	Cog. and other	Biofuels	Balance as of 12.31.13
Assets allocated							
Intangible assets	378,464	496	-	5,078	2,451	455,622	842,111
Property plant and equipment	230,198	31,756	-	-	10,941	1,000,694	1,273,589
Fixed assets in projects	2,757	4,704,728	2,749,837	447,531	1,011,429	997,991	9,914,273
Current financial investments	574,399	106,508	101,745	9,923	55,915	77,339	925,829
Cash and cash equivalents	1,537,418	258,519	109,566	35,369	143,557	867,254	2,951,683
Subtotal allocated	2,723,236	5,102,007	2,961,148	497,901	1,224,293	3,398,900	15,907,485
Unallocated assets							
Non-current and associated financ. invest.	-	-	-	-	-	-	1,596,912
Deferred tax assets	-	-	-	-	-	-	1,281,092
Other current assets	-	-	-	-	-	-	2,200,953
Assets held for sale	-	-	-	-	-	-	166,403
Subtotal unallocated	-	-	-	-	-	-	5,245,360
Total Assets	-	-	-	-	-	-	21,152,845

Item	Engineering and construction	Concession-type infrastructure				Industrial prod.	
	Eng. and const.	Solar	Trans.	Water	Cog. and other	Biofuels	Balance as of 12.31.13
Liabilities allocated							
L-T and S-T corpor. financing	1,588,500	1,137,763	112,812	-	2,536	2,648,987	5,490,598
L-T and S-T project debt	160,463	3,028,960	1,616,216	218,302	829,657	467,352	6,320,950
L-T and S-T lease liabilities	19,247	-	-	-	-	20,791	40,038
Subtotal allocated	1,768,210	4,166,723	1,729,028	218,302	832,193	3,137,130	11,851,586
Unallocated liabilities							
L-T Other loans and borrowings	-	-	-	-	-	-	123,773
L-T grants and other liabilities	-	-	-	-	-	-	646,188
L-T and S-T provisions and contingencies	-	-	-	-	-	-	87,550
L-T derivative financial instruments	-	-	-	-	-	-	266,802
Deferred tax liabilities	-	-	-	-	-	-	327,304
L-T personnel liabilities	-	-	-	-	-	-	29,789
Other current liabilities	-	-	-	-	-	-	5,805,581
Liabilities held for sale	-	-	-	-	-	-	121,269
Subtotal unallocated	-	-	-	-	-	-	7,408,256
Total liabilities	-	-	-	-	-	-	19,259,842
Equity unallocated	-	-	-	-	-	-	1,893,003
Total liabilities and equity unallocated	-	-	-	-	-	-	9,301,259
Total liabilities and equity	-	-	-	-	-	-	21,152,845

The criteria used to obtain the assets and liabilities per segment, are described as follows:

› With the only objective of presenting liabilities by segment, Net Corporate Debt has been allocated by segments (see Note 20), since its main purpose is to finance investments in projects and in companies needed to expand businesses and lines of activity of the group. Additionally, bridge loans issued at the corporate level has been allocated between different operating segments depending on the projects where funds have been destinated (see Note 19).

c) Net Debt by segment as of December 31, 2014 and 2013 is as follows:

Item	Engineering and construction	Concession-type infrastructure				Industrial prod.	
	Eng. and const.	Solar	Trans.	Water	Cog. and other	Biofuels	Balance as of 12.31.14
Bank debt and current/non-curr. bond	1,351,648	983,267	362,154	105,978	98,904	2,267,006	5,168,957
L-T and S-T project debt	6,082	1,722,176	1,770,138	517,975	465,041	476,702	4,958,114
Obligat. under curr./non-curr. financial lease	14,494	-	-	-	-	20,497	34,991
Current financial investments	(711,312)	(87,237)	(30,694)	(9,403)	(8,775)	(201,132)	(1,048,553)
Cash and cash equivalents	(498,629)	(339,434)	(119,428)	(36,585)	(34,143)	(782,594)	(1,810,813)
Total net debt (cash)	162,283	2,278,772	1,982,170	577,965	521,027	1,780,479	7,302,696

Item	Engineering and construction	Concession-type infrastructure				Industrial production	
	Eng. and const.	Solar	Trans.	Water	Cog. and other	Biofuels	Balance as of 12.31.13
Bank debt and current/non-curr. bond	1,588,500	1,137,763	112,812	-	2,536	2,648,987	5,490,598
L-T and S-T project debt	160,463	3,028,960	1,616,216	218,302	829,657	467,352	6,320,950
Obligat. under curr./non-curr. financial lease	19,247	-	-	-	-	20,791	40,038
Current financial investments	(574,399)	(106,508)	(101,745)	(9,923)	(55,915)	(77,339)	(925,829)
Cash and cash equivalents	(1,537,418)	(258,519)	(109,566)	(35,369)	(143,558)	(867,254)	(2,951,684)
Total net debt (cash)	(343,607)	3,801,696	1,517,717	173,010	632,720	2,192,537	7,974,073

In order to obtain Net Debt, by segment:

1. With the only objective of presenting liabilities by segment, Net Corporate Debt has been allocated by operating segment (see Note 20), since its main purpose is to finance investments in projects and in companies needed to expand the businesses and lines of activity of the group. Additionally, bridge loans issued at the corporate level has been allocated between different operating segments depending on the projects where funds have been destinated (see Note 19).

2. Short-term financial investments and Cash and cash equivalents are presented reducing debt, since both items are considered highly liquid, even though short-term financial investments do not fulfill all the conditions to be classified as cash and cash equivalents.

d) The invetments in intangible assets and property, plant and equipment by segments for the years ended December 31, 2014 and 2013 is as follows:

Item	2014	2013
Engineering and construction		
Engineering and construction	133,630	131,834
Total	133,630	131,834
Concession-type infraestructure		
Solar	811,637	346,500
Transmission lines	487,887	594,527
Water	99,356	242,131
Cogeneration and other	612,726	230,661
Total	2,011,606	1,413,819
Industrial production		
Biofuels	127,228	57,395
Total	127,228	57,395
Discontinued operations	307,093	281,334
Total	2,579,557	1,884,382

e) The distribution of depreciation, amortization and impairment charges by segments for the years 2014 and 2013 is as follows:

Item	2014	2013
Engineering and construction		
Engineering and construction	138,145	210,750
Total	138,145	210,750
Concession-type infraestructure		
Solar	90,230	89,106
Transmission lines	34,838	24,105
Water	3,996	8,746
Cogeneration and other	10,906	11,125
Total	139,970	133,082
Industrial production		
Biofuels	196,749	172,536
Total	196,749	172,536
Total	474,864	516,368

5.2. Information by geographic areas

a) The revenue distribution by geographical region for the years 2014 and 2013 is as follows:

Geographical region	2014	%	2013	%
- North America	2,253,624	31.5	2,670,411	36.9
- South America (except Brazil)	1,301,816	18.3	689,554	9.5
- Brazil	874,687	12.2	726,019	10.0
- Europe (except Spain)	892,872	12.5	863,329	11.9
- Other regions	938,517	13.1	1,166,510	16.1
- Spain	889,051	12.4	1,129,308	15.6
Consolidated Total	7,150,567	100	7,245,131	100
Outside Spain amount	6,261,516	87.6	6,115,823	84.4
Spain amount	889,051	12.4	1,129,308	15.6

During 2013 we reported results from Mexico as part of South America. In the year ended December 31, 2014, in order to better reflect the geographical segmentation of our business we included amounts from Mexico in the North America segment. The information by geographic areas for the year ended December 31, 2013 has been presented according to the new geographic segmentation.

b) The net book value of Intangible assets and Property, plant and equipment by geographical region as of December 31, 2014 and 2013 is as follows:

Geographic region	Balance as of 12.31.14	Balance as of 12.31.13
Spain	825,364	831,529
- North America	1,076,259	334,651
- South America (except Brazil)	34,243	25,766
- Brazil	380,905	381,894
- Europe (except Spain)	508,712	520,541
- Other regions	30,204	21,319
Foreign market	2,030,323	1,284,171
Total	2,855,687	2,115,700

c) The net book value of Fixed assets in projects by geographic region as of December 31, 2014 and 2013 is as follows:

Geographic region	Balance as of 12.31.14	Balance as of 12.31.13
Spain	1,643,547	2,987,456
- North America	578,763	2,658,753
- South America (except Brazil)	2,350	813,098
- Brazil	3,289,310	2,757,365
- Europe (except Spain)	145,633	153,442
- Other regions	528,762	544,159
Foreign market	4,544,818	6,926,817
Total	6,188,365	9,914,273

Note 6.- Changes in the composition of the group

6.1. Changes in the consolidation group

a) In 2014 a total of 84 subsidiaries (56 in 2013), 3 associates (2 in 2013) and 5 joint ventures (3 in 2013), were included in the consolidation group, which are identified in Appendices I, II, III, XII, XIII and XIV of these Consolidated Financial Statements.

These changes did not have a significant impact on the overall consolidated amounts in 2014 and 2013.

In addition, during 2014, 19 Temporary joint operations (UTE), (22 in 2013) 5 of them with partners which do not being to the Group, have commenced their activity or have started to undertake a significant level of activity and were included in the consolidation group.

The amounts set out below represent the Group's proportional interest in the assets, liabilities, revenues and profits of the UTE with partners non Group shareholding, which have been included in the Consolidated Financial Statements in 2014 and 2013:

	2014	2013
Non-current assets	8,354	7,498
Current assets	124,096	152,974
Non-current liabilities	7,421	5,534
Current liabilities	119,248	152,871

	2014	2013
Revenue	40,510	58,112
Expenses	(36,148)	(61,032)
Profit/ (loss) after taxes	4,362	(2,920)

b) In 2014 a total of 14 subsidiaries were no longer included in the consolidation group (88 in 2013), 2 associates (4 in 2013) and 1 joint ventures (9 in 2013), which are identified in Appendix IV, V and VI and which did not have any material impact in the Consolidated Income Statement, except for disposals mentioned in Note 6.3b).

During 2014, 2 UTE, (17 in 2013), which do not belong to the Group, were excluded from the consolidated group because they had ceased their activities or had become insignificant in relation to overall group activity levels. The proportional consolidated revenues of these UTE in 2014 were null (€53 thousand in 2013).

c) In December 2014, full consolidation of Abengoa Bioenergy Biomass of Kansas, LLC and Mojave Solar, LLC, previously accounted for under the equity method, began after we gained control of these entities (see Note 6.4). At the end of 2014, this last company is included in the Abengoa Yield consolidation group and classified as discontinued operations at the end of 2014 (see Note7).

On October 13, 2013, Arizona Solar One, LLC, which was recorded under the equity method, started to be fully consolidated after we gained control over the entity (see Note 6.4). At the end of 2014 this company is included in the Abengoa Yield consolidation group and classified as discontinued operations in accordance with the requirements of IFRS 5 (see Note 7).

6.2. Initial Public Offering of Abengoa Yield Plc.

On June 18, 2014 Abengoa Yield Plc. ('Abengoa Yield' o 'ABY'), a wholly-owned subsidiary of Abengoa, closed its initial public offering of 28,577,500 ordinary shares, including the exercise in full of underwriters' over-allotment option ('greenshoe option'). These shares were offered at a price of USD 29 per share for total gross proceeds of USD 828.7 million (€611.0 million) before underwriter discounts and offering expenses.

Abengoa Yield's shares began trading on the NASDAQ Global Select Market under the symbol 'ABY' on June 13, 2014.

Abengoa Yield is a dividend growth-oriented company formed to serve as the primary vehicle through which Abengoa will own, manage and acquire renewable energy, conventional power and electric transmission lines and other contracted revenue-generating assets, initially focused in North America and South America, as well as Europe.

Abengoa Yield Limited was incorporated on December 17, 2013. On March 17, 2014, the General Shareholders Meeting approved its conversion to Plc, with effect on March 19, 2014.

Prior to the closing of the offering, Abengoa contributed to Abengoa Yield ten concessional assets, certain holding companies and a preferred equity investment in Abengoa Concessoes Brasil Holding (a subsidiary of Abengoa engaged in the development, construction and management of transmission lines in Brazil). As consideration for this asset transfer, Abengoa received a 64.28% interest in Abengoa Yield and USD 779.8 million (€575 million) in cash, corresponding to the net proceeds of the initial public offering after underwriter discounts and offering expenses.

As a result of the Initial Public Offering, Abengoa recorded Non-controlling interest amounting to €488.9 million, corresponding to the book value of the 35.72% stake in Abengoa Yield sold in the initial public offering and a positive impact in Equity amounting to €86 million, for the difference between the net proceeds and the book value of the net assets transferred.

At the end of 2014, and following the start of the implementation of the Company's plan to reduce the participation of Abengoa Yield Plc which will result in a loss of control, we proceeded to account for ABY as a discontinued operation based on the requirements of IFRS 5 (see Note 7).

6.3. Main acquisitions and disposals

a) Acquisitions

- There were no significant acquisitions during the year 2014 and 2013.

b) Disposals

- On December, 2014, Abengoa Yield closed the acquisition of Solacor 1 and Solacor 2 and PS10 and PS 20 (thermo-solar assets with a combined capacity of 131 MW located in Spain) and Cadonal (wind farm of 50 MW, located in Uruguay). The first acquisition of assets has been completed for a total amount of 312 million US dollars and it was made pursuant to the Right of First Offer agreement signed between the two companies.

- On December 5, 2014, all the conditions necessary to close the sale of Qingdao BCTA Desalination Co., Ltd ('Qingdao'), a desalination plant in China, were fulfilled. The transaction price was set at 440 million chinese yuan. This sale brought Abengoa a cash inflow of €49.7 million and generated an after-tax profit of €5.1 million.

- On May 2, 2013 the Company signed an agreement with Corning Incorporated to sell its Brazilian subsidiary, Bargoa S.A., a company which manufactures telecommunications components. The transaction price was set at 80 million US dollars. This sale brought Abengoa a cash inflow of 50 million US dollars and generated an after-tax profit of €29 million.

- On June 13, 2013 Abengoa signed a strategic agreement with the European private equity fund, Triton Partners (Triton), to sell 100% of Befesa Medio Ambiente, S.L.U. Note 7 on Discontinued operations and Non-current assets held for sale gives further details on this transaction.

6.4. Business combinations

Full consolidation of Abengoa Bioenergy Biomass of Kansas, LLC, the company that owns the assets and liabilities of the second-generation biofuels plant in Hugoton, USA, previously accounted through the equity method, began in December 2014 once control over this company was obtained as it entered a stage in which relevant decisions are no longer subject to the control and approval of the Administration. This change of control of the company and consequently its full consolidation means that all its assets and liabilities have been integrated according to IFRS 3 ('Business combinations') with no significant differences arising between the book value in Abengoa's consolidation and its fair value.

The amount of assets and liabilities related to Abengoa Bioenergy Biomass of Kansas, LLC consolidated as of December 31, 2014 is shown in the following table:

	As of December 31, 2014
Non-current assets	686,253
Current assets	16,229
Non-current and current liabilities	(151,446)
Equity	(551,036)

Additionally, full consolidation of Mojave Solar, LLC, the company that owns the assets and liabilities of the thermo-solar plant in Mojave, USA, previously accounted through the equity method, began in December 2014 once control over this company was obtained as it entered a stage in which relevant decisions are no longer subject to the control and approval of the Administration. This change of control of the company and consequently its full consolidation means that all its assets and liabilities have been integrated according to IFRS 3 ('Business combinations') with no significant differences arising between the book value in Abengoa's consolidation and its fair value.

At the end of 2014, Mojave Solar, LLC is included in the Abengoa Yield consolidation group and classified as discontinued operations in accordance with the requirements of IFRS 5 (see Note 7). Therefore, Abengoa's Consolidated Financial Statements as of December 31, 2014 include Mojave Solar, LLC's assets and liabilities under a single heading in Assets held for sale and liabilities held for sale within the Consolidated statements of financial position.

Full consolidation of Arizona Solar One, LLC, the company that owns the assets and liabilities of the thermo-solar plant in Arizona, USA, previously accounted through the equity method, began in October 2013 once control over this company was obtained as it entered a stage in which relevant decisions are no longer subject to the control and approval of the Administration. This change of control of the company and consequently its full consolation means that all its assets and liabilities have been integrated according to IFRS 3 ('Business combinations') with no significant differences arising between the book value in Abengoa's consolidation and its fair value.

At the end of 2014, this company is included in the Abengoa Yield consolidation group and classified as discontinued operation in accordance with the requirements of IFRS 5 (see Note 7). Therefore, Abengoa's Consolidated financial statements as of December 31, 2014 include its assets and liabilities under a single heading in Assets held for sale and liabilities held for sale within the Consolidated statements of financial position.

Note 7.- Assets held for sale and discontinued operations

7.1. Plan to further optimize Abengoa Financial Structure

On December 15, 2014, Abengoa´s Board of Directors approved a plan to further improve its financial structure through three main initiatives:

- Reduce its stake in Abengoa Yield
- Accelerate the sale of assets to Abengoa Yield
- The creation of a joint venture with external equity partners that will invest in a portfolio of contracted assets under construction as well as in new contracted assets under development.

The impacts of these initiatives and their main effects in relation to the reclassification to heading 'Assets held for sale and discontinued operations' as of December 31, 2014 are described below.

Reduce its stake in Abengoa Yield

The plan to reduce the stake in Abengoa Yield was initiated at year end 2014 with the approval of the Abengoas's Board of Directors and is expected to be completed within one year, through the completion of following steps:

- An initial stage to divest a 13% stake ended on January 16, 2015, via the sale in an underwritten public offering of 10,580,000 ordinary shares in Abengoa Yield (including 1,380,000 shares sold pursuant to the exercise in full of the underwritters' over-allotment option) at a price of USD 31 per share, bringing the holding in Abengoa Yield to 51%. This sale generated USD 328 million for Abengoa, before fees.
- The second step will consist of the divestment of an additional shareholding in Abengoa Yield and the strengthening of the Right Of First Offer (ROFO) agreement between the two companies, as well as a review of the corporate governance of Abengoa Yield to reinforce the role of the independent directors so that control is effectively transferred when the second sale takes place.

Taking into account that Abengoa Yield was presented as an operating segment within the Concession-Type Infrastructures activity during part of the year 2014 and due to the significance that the activities carried out by Abengoa Yield have for Abengoa, the sale of this shareholding is considered as a discontinued operation in accordance with the stipulations and requirements of IFRS 5, 'Non-Current Assets Held for Sale and Discontinued Operations'.

In accordance with this standard, the results of Abengoa Yield for the year 2014 are included under a single heading in Abengoa's Consolidated Financial Statements for the year ended December 31, 2014.

Likewise, the Consolidated Income Statement for the year, 2013, which is included for comparison purposes in Abengoa's Consolidated Financial Statements for the year ended December 31, 2014 also includes the results generated by Abengoa Yield recorded under a single heading ('Profit (loss) from discontinued operations, net of tax'), for the activities which are now considered discontinued.

As of December 31, 2014, the breakdown of the assets and liabilities included in the Consolidated Statements of Financial Position related to Abengoa Yield and reclassified to assets and liabilities held for sale in accordance with IFRS 5, is as follows:

	Balance as of 12.31.14
Fixed assets in projects	5,574,324
Investments in associates	4,136
Financial investments	43,623
Deferred tax assets	58,465
Current assets	580,441
Project debt	(3,457,156)
Other non-current liabilities	(1,263,060)
Other current liabilities	(102,539)
Total net assets and liabilities held for sale	1,438,234

Additionally, for the years ended December 31, 2014 and 2013, the impact of the discontinuity of the Abengoa Yield's Income Statements, is as follows:

	2014	2013
Revenue	224,563	111,339
Other operating income	18,206	5,627
Operating expenses	(112,046)	(74,006)
I. Operating profit	130,723	42,960
II. Financial expense, net	(148,935)	(82,867)
III. Share of profit/(loss) of associates carried under the equity method	(581)	10
IV. Profit before income tax	(18,793)	(39,897)
V. Income tax benefit	(3,410)	17,750
VI. Profit for the period from continuing operations	(22,203)	(22,147)
VIII. Profit for the period attributable to the Parent Company	(22,203)	(22,147)

Furthermore for the years ended December 31, 2014 and 2013, the breakdown of the Consolidated Cash Flows Statements of Abengoa Yield is as follows:

	2014	2013
Profit for the year from continuing operations	(22,203)	(22,147)
I. Profit for the year from continuing operations adjusted by non monetary items	123,575	68,184
II. Variations in working capital	24,245	6,937
III. Interest and income tax received / paid	(123,167)	(46,964)
A. Net cash provided by operating activities	24,653	28,157
I. Investments/Disposals	(284,019)	(523,118)
B. Net cash used in investing activities	(284,019)	(523,118)
I. Proceeds from loans and borrowings	1,100,954	858,352
II. Repayment of loans and borrowings	(1,359,938)	(502,947)
III. Other finance activities	509,491	333,638
C. Net cash provided by financing activities	250,507	689,043
Net increase/(decrease) in cash and cash equivalents	(8,859)	194,082
Cash, cash equivalents and bank overdrafts at beginning of the year	259,854	73,919
Translation differences cash or cash equivalent	40,418	(8,147)
Cash and cash equivalents at end of the year	291,413	259,854

Finally for the year ended December 31, 2014, the amount of expenses recognized directly in equity related to Abengoa Yield amounts to €14,311 thousand.

Accelerate the sale of assets to Abengoa Yield

The plan to accelerate the sale of assets to Abengoa Yield under the Right of First Offer (ROFO) agreement was launched at the start of 2014 with the approval of Abengoa's board of directors, with the aim of divesting certain concession project companies that own desalination plants in Algeria (Skikda and Honnaine), transmission lines in Peru (ATN2) and an STE plant in Abu Dhabi (Shams). Given that as of December 31, 2014, the previous companies are available for immediate sale and the sale is highly probable, the Company has classified the associated assets and liabilities as held for sale in the Consolidated Statement of Financial Position as of December 31, 2014. Until closing of the sale transaction, the assets will be classified as held for sale in accordance with the stipulations and requirements of IFRS 5, 'Non-Current Assets Held for Sale and Discontinued Operations'.

As of December 31, 2014, the breakdown of the assets and liabilities included in the Consolidated Statements of Financial Position related to these companies and reclassified to assets and liabilities held for sale, is as follows:

	Balance as of 12.31.14
Fixed assets in projects	142,213
Investments in associates	37,901
Financial investments	297
Current assets	35,463
Project debt	(126,170)
Other non-current liabilities	(491)
Other current liabilities	(2,210)
Total net assets and liabilities held for sale	87,003

A definitive agreement was reached with Abengoa Yield on February 3, 2015 for a total of USD 142 million following approval by Abengoa's board of directors. It includes the divestment of the aforementioned assets (classified as assets held for sale at the end of 2014) and 29.6% of the stake held in Helioenergy 1 and 2 (a thermo-solar assets in Spain) at the end of the year. Since the agreement to divest Helioenergy 1 and 2 was performed during January 2015, such assets have not been classified as assets held for sale. Related to desalination plants in Argeria, we also entered into a two year call and put option agreement with Abengoa Yield by which they have put option rights to require Abengoa to purchase back these assets at the same price paid by them and Abengoa has call option rights to require them to sell back these assets if certain indemnities and guarantees provided by Abengoa related to past circumstances reach a certain threshold.

The creation of a joint venture with external equity partners that will invest in a portfolio of contracted assets under construction and development.

On December 11, 2014, the company reached a non-binding agreement with the infrastructure fund EIG Global Energy Partners to jointly invest in a new company (Newco) to which Abengoa will contribute its shareholdings in a series of companies. These project companies own concessions for conventional generation and renewable energy assets and transmission lines in different regions, including the USA, Mexico, Brazil and Chile. The new company will be jointly managed, although EIG will hold a majority stake in the new company. Once the agreement has been completed and the projects have been transferred to Newco, Abengoa will no longer have a controlling interest in these assets. Given that as of December 31, 2014, the companies associated with previous projects are available for immediate sale and the sale is highly probable, the Company has classified the associated assets and liabilities as held for sale in the Consolidated Statement of Financial Position as of December 31, 2014. Until closing of the sale transaction, the assets will be reported as held for sale in accordance with the stipulations and requirements of IFRS 5, 'Non-Current Assets Held for Sale and Discontinued Operations'.

As of December 31, 2014, the breakdown of the assets and liabilities included in the Consolidated Statements of Financial Position related to companies to be transferred to the new company and reclassified to assets and liabilities held for sale, is as follows:

	Balance as of 12.31.14
Fixed assets in projects	1,710,429
Financial investments	44
Deferred tax assets	47
Current assets	33,348
Project debt	(252,784)
Other non-current liabilities	(13,646)
Other current liabilities	(115,346)
Total net assets and liabilities held for sale	1,362,092

7.2. Assets held for sale (shares in Linha Verde Transmissora de Energía, S.A.)

The Company has signed with Centrais Elétricas do Norte do Brasil S.A (Eletronorte) a share purchase agreement to sell its 51% stake in Linha Verde Transmissora de Energía S.A. ('Linha Verde'), a company with a concession of an electric transmission line in Brazil which is currently in pre-operational stage. As of December 31, 2014, the sale is subject to the closing conditions customary for the sale of these types of assets.

Given that as of that date the subsidiary is available for immediate sale and the sale is highly probable, the Company has classified the assets and liabilities of Linha Verde as held for sale in the Consolidated Statement of Financial Position as of December 31, 2014. Until closing of the sale transaction, the assets will be classified as held for sale in accordance with the stipulations and requirements of IFRS 5, 'Non-Current Assets Held for Sale and Discontinued Operations'.

The expected cash proceeds will be approximately 40 million Brazilian Real (approximately €12.4 million).

As of December 31, 2014, the breakdown of the assets and liabilities included in the Consolidated Statements of Financial Position related to Linha Verde and reclassified to assets and liabilities held for sale, are as follows:

	Balance as of 12.31.14
Fixed assets in projects	163,529
Deferred tax assets	834
Current assets	5,022
Project debt	(116,398)
Other current liabilities	(30,719)
Total net assets and liabilities held for sale	22,268

7.3. Sale of shares in Befesa Medio Ambiente, S.L.U.

On June 13, 2013 the Company reached an exclusive agreement with certain investment funds managed by Triton Partners to wholly transfer Abengoa's shareholding in Befesa Medio Ambiente, S.L.U. The agreed sale price was €1,075 million (considering the net debt adjustments, total consideration to Abengoa amounted to €620 million). The sale of this shareholding involved a cash deposit of €331 million. The balance of the agreed payment, to complete the aforementioned figure of €620 million, consisted of a deferred payment of €17 million (€15 million held as a deposit until ongoing litigations are resolved and two million Euros in long-term receivables from a client of Befesa Medioambiente), a credit note of €48 million to mature in five years and a deferred payment of €225 million through a convertible loan with 15 years maturity and subject to two extension options of five years each at the discretion of the venture capital fund. The loan's principal was settled with a single repayment at maturity and accrues interest at the 6-month Euribor, plus a 6% spread, with an option for the fund to capitalize or pay interest at the end of each accrual period. Certain triggering events, which include Befesa's insolvency, a maximum net debt/EBITDA ratio of 8.0 throughout the life of the convertible loan, and failure to meet certain financial objectives in the last three years of the 15-year loan (minimum expected operating cash flow, minimum cash coverage ratio of 1.3) resulted in the automatic conversion of the loan into 14.06% of Befesa's shares.

The convertible loan is a hybrid instrument including a loan receivable and multiple embedded derivatives. According to IAS 39, derivatives which are not closely related with the host contract (the loan receivable) should be accounted for separately. In our case, the value of all the options which are not closely related with the host contract is mainly based in the performance of Befesa and in consequence they are considered as a single derivative instrument.

The convertible loan is included in ''Other Receivable Accounts'' in non-current assets and the derivative is included in non-current 'Derivative liabilities' in the Consolidated Statements of Financial Position.

On February 4, 2015, the Company signed an agreement with Triton Partners to sell credit note in the nominal amount of €48 million, which was part of the consideration agreed for the sale of Befesa.

The sale transaction generated a gain of €0.4 million in the 'Results for the year from discontinued operations, net of taxes' in the Consolidated Income Statement for the year 2013.

Taking into account the significance that the activities carried out by Befesa had for Abengoa, the sale of this shareholding was considered as a discontinued operation in accordance with the stipulations and requirements of IFRS 5, 'Non-Current Assets Held for Sale and Discontinued Operations'.

In accordance with this standard, the Consolidated Income Statement for the year ended December 31, 2013, which is included for comparison purposes in Abengoa's Consolidated Financial Statements for the year ended December 31, 2014 includes the results generated by Befesa under a single heading, for the activities which are now considered discontinued.

Below is the breakdown of the Consolidated Income Statements related to Befesa up to the date of sale (June 13, 2013):

	2013
Revenue	317,517
Other operating income	4,670
Operating expenses	(317,132)
I. Operating profit	5,055
II. Financial expense, net	(18,623)
III. Share of profit/(loss) of associates carried under the equity method	138
IV. Profit before income tax	(13,430)
V. Income tax benefit	12,454
VI. Profit for the period from continuing operations	(976)
VII. Profit attributable to non-controlling interests	-
VIII. Profit for the period attributable to the Parent Company	(976)

Additionally, below is the composition of the heading 'Profit (loss) from discontinued operations, net of tax' included in the Consolidated Income Statements for year 2013:

	2013
Gain on the sale of Befesa	381
% result of Befesa integration	(976)
Profit from discontinued operations, net of tax	(595)

7.4. Assets held for sale (shares in BCTA Qingdao, S.L.)

As of December 31, 2013, the Company started a process of negotiations to sell its 92.6% interest in Qingdao BCTA Desalination Co., Ltd., ('Qingdao') a desalination plant in China. Given that as of that date the subsidiary was available for inmediate sale and the sale is highly probable, the Company classified the assets and liabilities of Qingdao as held for sale in the Consolidated Statement of Financial Position as of December 31, 2013. Until closing of the sale transaction, the assets have been reported as held for sale in accordance with the stipulations and requirements of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

As of December 31, 2013, the breakdown of the assets and liabilities classified as Held for Sale, are as follows:

	Balance as of 12.31.13
Fixed assets in projects	138,067
Financial investments	16
Deferred tax assets	432
Current assets	27,888
Project debt	(95,460)
Other current liabilities	(25,809)
Total net assets and liabilities held for sale	45,134

On December 5, 2014, all the conditions necessary to close the sale of this company were fulfilled. The transaction price was set at 440 million chinese yuan. This sale brought Abengoa a cash inflow of €49.7 million and generated an after-tax profit of €5.1 million.

Note 8.- Intangible assets

8.1. The following table sets out the movement of intangible assets in 2014:

Cost	Goodwill	Development assets	Other	Total
Total cost as of December 31, 2013	476,059	311,444	273,285	1,060,788
Additions	-	91,020	36,236	127,256
Disposals and decreases	-	(1,886)	(3,254)	(5,140)
Translation differences	11,586	5,463	4,444	21,493
Change in consolidation	-	676,846	-	676,846
Reclassifications	-	(19,482)	647	(18,835)
Transfer to assets held for sale	-	-	(15,880)	(15,880)
Total cost as of December 31, 2014	487,645	1,063,405	295,478	1,846,528

Accumulated depreciation	Goodwill	Development assets	Other	Total
Total amort. as of December 31, 2013	-	(146,651)	(72,026)	(218,677)
Additions	-	(42,985)	(34,492)	(77,477)
Disposals	-	-	21,059	21,059
Translation differences	-	(2,322)	(796)	(3,118)
Reclassifications	-	(629)	688	59
Total amort. as of December 31, 2014	-	(192,587)	(85,567)	(278,154)
Net balance at December 31, 2014	487,645	870,818	209,911	1,568,374

The increase in goodwill is due to the translation differences caused by the appreciation of the US Dollar and the Brazilian real against the Euro.

The increased cost of intangible assets is primarily due to investment in research and development projects (see Note 8.3) and to the change in the consolidation scope following the start-up and control of the Hugoton second generation biofuels plant in the United States, which is owned by Abengoa Bioenergy Biomass of Kansas, LLC (See Note 6.4) and it has been classified as development assets (see Note 8.3).

During 2014 no significant losses from impairment of intangible assets were recorded.

8.2. The following table sets out the movement of intangible assets in 2013:

Cost	Goodwill	Development assets	Other	Total
Total cost as of December 31, 2012	1,115,275	223,751	392,450	1,731,476
Additions	-	100,888	386,775	487,663
Disposals and decreases	-	(4,691)	-	(4,691)
Translation differences	(77,681)	(1,640)	(1,859)	(81,180)
Change in consolidation	(561,535)	(6,864)	(5,828)	(574,227)
Reclassifications	-	-	(498,253)	(498,253)
Total cost as of December 31, 2013	476,059	311,444	273,285	1,060,788

Accumulated depreciation	Goodwill	Development assets	Other	Total
Total amort. as of December 31, 2012	-	(116,823)	(57,908)	(174,731)
Additions	-	(31,510)	(20,463)	(51,973)
Translation differences	-	604	519	1,123
Change in consolidation	-	1,078	5,826	6,904
Total amort. as of December 31, 2013	-	(146,651)	(72,026)	(218,677)
Net balance at December 31, 2013	476,059	164,793	201,259	842,111

The decrease in goodwill was mainly due to the exclusion of Befesa from the consolidation scope (see Note 7) and due to the negative effect of the depreciation of the Brazilian real with respect to the Euro.

The cost of intangible assets increased principally due to the investment effort in research and development projects (see Note 8.3) offset by the reclassification of the fixed assets related to the Solaben 1 and 6 thermo-solar plants as Fixed assets in projects, once the project debt for these projects had been obtained (see Note 10.1).

During 2013 no significant losses for impairment of intangible assets were recorded.

8.3. Development assets

During 2014, Abengoa made significant Research, Development and Innovation (R&D&i) investment efforts, investing a total of €597,784 thousand (€426,358 thousand in 2013) through the development of new technologies in different areas of business (solar technology, biotechnology, desalination, water treatment and reuse, hydrogen, energy storage and new renewable energies).

The following table summarizes the total investments made in R&D&i in 2014 and 2013:

	Assets as of 12.31.13	Investment during the fiscal year	Other movements	Transfer to assets held for sale	Assets as of 12.31.14
Development assets (Note 8.1)	311,444	91,020	660,941	-	1,063,405
Development assets in projects (Note 10.1)	71,204	304,392	-	(375,596)	-
Development assets in investments in associates (Note 11.2)	474,239	193,658	(549,093)	-	118,804
Technological development research 2014	-	8,714	(8,714)	-	-
Total in the 2014 fiscal year	856,887	597,784	103,134	(375,596)	1,182,209

	Assets as of 12.31.12	Investment during the fiscal year	Other movements	Transfer to assets held for sale	Assets as of 12.31.13
Development assets (Note 8.2)	223,751	100,888	(13,195)	-	311,444
Development assets in projects (Note 10.1)	73,424	-	(2,220)	-	71,204
Development assets in investments in associates (Note 11.2)	155,301	318,938	-	-	474,239
Technological development research 2013	-	6,532	(6,532)	-	-
Total in the 2013 fiscal year	452,476	426,358	(21,947)	-	856,887

In 2014 Abengoa continued its strategy of developing proprietary technology to give it a competitive advantage and as a vector for growing its business. Thanks to this commitment to R&D and innovation, the Abengoa Research laboratories at Campus Palmas Altas became fully operational during the year with facilities for the different technology areas of Abengoa's business segments:

- Biological laboratory
- Electrical laboratory
- Materials laboratory
- Thermal fluids laboratory
- Chemistry laboratory
- Biomolecular and biochemistry laboratory

The main development assets are based on technologies that enable Abengoa's strategic R&D areas to continue progressing, such as technologies for solar-thermal plants, energy storage systems, bio-refining, treating municipal solid waste for energy production, and plants for treating and reusing water.

In solar-thermal technology it is worth noting the construction of Khi Solar One, the world's first commercial plant using tower technology and superheated steam, in South Africa. The 50 MW plant is expected to come into operation in 2015.

Additionally, in the field of solar-thermal power, it is worth noting the construction of the solar plant project in the Atacama Desert (Chile), which combines tower technology based on molten salts (110 MW) and photovoltaics (100 MW) with energy storage systems that use molten salts and batteries. This plant will enable renewable power to be continually produced 24 hours a day, supplying demand from the network at any given time.

The R&D and innovation carried out by Abengoa also resulted in the enzymatic cocktail that converts non-food organic material into biofuels, which led to the opening of Abengoa's first 2G bioethanol plant located in Hugoton (USA) in October 2014, where up to 95 million liters of bioethanol are produced annually from 350,000 tons of biomass approximately, specifically agricultural waste. In Brazil the company is developing second-generation ethanol production from sugar cane straw and bagasse, while one of the world's largest commercial biomass plants that will generate 215 MW of power will be constructed in Gante.

Work also continues on developing the Waste to Biofuels (W2B) project in Salamanca (Spain), to produce biofuels from municipal solid waste (MSW), solving the issue of how to manage this waste while generating a high value added product.

In the field of R&D+i for integral water management, nanotechnology is being developed for water treatment processes. Projects include a desalination plant being developed in Ténes (Algeria) using reverse osmosis technology to desalinate 200,000 m3 of water per day, while in the city of San Antonio, Texas (USA) a drinking water treatment and water supply project is underway that will supply 168,970 m3 of water per day and includes an agreement to manage the plant for a 30 year period.

As a technology company, Abengoa is committed to using R&D to develop new businesses that enable it to grow. Additionally, it has made an investment effort to the development of the company's emerging businesses related to hydrogen and energy.

8.4. Goodwill

The table below shows the breakdown of Goodwill as of December 31, 2014 and 2013:

Goodwill / Operating segment	Balance as of 12.31.14	Balance as of 12.31.13
Abener Eng. and Const. Services, LLC (Enginneering and construction)	26,658	25,663
Abengoa Bioenergía Brasil (Biofuels)	354,437	351,280
Abengoa Bioenergy USA (Biofuels)	36,621	32,334
Rioglass Solar (Enginneering and construction)	38,914	38,919
Other	31,015	27,863
Total	487,645	476,059

Based on the values in use calculated in accordance with the assumptions and hypothesis described in Notes 2.8 and 3, in 2014 and 2013 the recoverable amount of the cash generating units to which goodwill was assigned is higher than their carrying amount.

For each goodwill, sensitivity analysis have been performed, especially in relation to discount rates, terminal values and changes in the main business key variables, to ensure that potential changes in valuation do not make cash generating units fair value lower than its book value.

8.5. There are no intangible assets with indefinite useful life other than goodwill. There are no intangible assets with restricted ownerships or that may be under pledge as liabilities guarantee.

Note 9.- Property, plant and equipment

9.1. The table below shows the movement on the different categories of Property, plant and equipment (PP&E) for 2014:

Cost	Lands and buildings	Technical installations and machinery	Advances and fixed assets in progress	Other fixed assets	Total
Total balance as of December 31, 2013	494,174	1,240,458	49,601	87,841	1,872,074
Additions	8,873	43,221	24,596	15,919	92,609
Disposals and decreases	(2,132)	(5,886)	(1,008)	(2,625)	(11,651)
Translation differences	6,781	36,832	2,536	1,403	47,552
Reclassifications	5,407	(11,428)	(16,284)	854	(21,451)
Total Balance as of December 31, 2014	513,103	1,303,197	59,441	103,392	1,979,133

Accumulated depreciation	Buildings	Technical installations and machinery	Advances and fixed assets in progress	Other fixed assets	Total
Total accum. deprec. as of December 31, 2013	(109,286)	(418,111)	-	(71,088)	(598,485)
Additions	(17,326)	(63,328)	-	(12,980)	(93,634)
Disposals and decreases	1,054	2,053	-	2,611	5,718
Translation differences	(1,901)	(17,047)	-	(756)	(19,704)
Reclassifications	9,567	(18,774)	-	23,492	14,285
Total accum. deprec. as of December 31, 2014	(117,892)	(515,207)	-	(58,721)	(691,820)
Net balance at December 31, 2014	395,211	787,990	59,441	44,671	1,287,313

The increase in Property, plant and equipment in 2014 was primarily due to improvements in the technical facilities of the Rotterdam plant, fitting out a research laboratory in Spain and a new warehouse in Spain, construction equipment purchases for projects in Peru, Uruguay and Chile, and the new offices in India.

During 2014 no significant losses from impairment of PP&E were recorded.

9.2. The table below shows the movement on the different categories of Property, plant and equipment (PP&E) for 2013:

Cost	Lands and buildings	Technical installations and machinery	Advances and fixed assets in progress	Other fixed assets	Total
Total balance as of December 31, 2012	523,679	1,306,824	95,498	107,883	2,033,884
Additions	9,155	42,206	23,859	71	75,291
Disposals and decreases	(209)	(1,251)	(34,064)	(1,121)	(36,645)
Translation differences	(8,980)	(16,906)	(1,850)	(2,522)	(30,258)
Change in consolidation	(52,050)	(91,251)	(31,887)	(15,991)	(191,179)
Reclassifications	22,579	836	(1,955)	(479)	20,981
Total Balance as of December 31, 2013	494,174	1,240,458	49,601	87,841	1,872,074

Accumulated depreciation	Buildings	Technical installations and machinery	Advances and fixed assets in progress	Other fixed assets	Total
Total accum. deprec. as of December 31, 2012	(109,014)	(436,385)	-	(56,886)	(602,285)
Additions	(15,043)	(49,481)	-	(32,249)	(96,773)
Disposals and decreases	166	1,198	-	794	2,158
Translation differences	1,403	7,382	-	1,771	10,556
Change in consolidation	12,645	58,782	-	14,896	86,323
Reclassifications	557	393	-	586	1,536
Total accum. deprec. as of December 31, 2013	(109,286)	(418,111)	-	(71,088)	(598,485)
Net balance at December 31, 2013	384,888	822,347	49,601	16,753	1,273,589

In 2013, the decrease in Property, plant and equipment was mainly due to the exclusion of Befesa Medio Ambiente, S.L.U. (see Note 7) and Bargoa, S.A. (see Note 6.3.b) from the consolidation scope following the sales of their shareholdings (-€105 million). However, there was an increase due to construction of a new metal structures manufacturing plant in India; the construction and equipping of a research laboratory in Spain; and the acquisition of machinery for projects in Peru.

During 2014, no significant losses from impairment of PP&E were recorded.

9.3. Property, plant and equipment not assigned to operating activities at the year-end is not significant.

9.4. The companies' policy is to contract all insurance policies deemed necessary to ensure that all Property, plant and equipment is covered against possible risks that might affect it..

9.5. The amount of capitalized interest costs included in PP&E at December 31, 2014 was €1,447 thousand (€1,846 thousand in 2013).

9.6. At the end of 2014 and 2013, Property, Plant and Equipment include the following amounts where the group is a lessee under a finance lease:

	Balance as of 12.31.14	Balance as of 12.31.13
Capitalized finance-lease cost	22,336	21,304
Accumulated depreciation	(2,785)	(2,635)
Net carrying amount	19,551	18,669

9.7. The cost of lands included in the lands and building subcategory amounted to €85,063 thousand at December 31, 2014 (€82,205 thousand in 2013).

9.8. The table below sets out the information related to those assets constructed by the Group during 2014 and 2013 classified under the heading Property, plant and equipment of the Consolidated Statement of Financial Position):

	12.31.14	12.31.13
Property, plant and equipment constructed by the Group (accumulated)	941,652	931,422
Revenue generated by property, plant and equipment constructed by the Group	742,520	746,745
Operating result of property, plant and equipment constructed by the Group	(10,831)	(50,966)

Note 10.- Fixed assets in projects

As indicated in Note 2.5 included in the Group are several companies which engage in the development of projects including the design, construction, financing, operation and maintenance of owned assets or assets under concession-type agreements which are financed through project debt.

This note provides a breakdown of fixed assets within such companies. Project debt details related to such companies are disclosed in Note 19 of these Notes to the Consolidated Financial Statements.

10.1. Concession assets in projects

a) The following table shows the movements of 'Concession assets in projects' for 2014:

Cost	Intangible and financial assets	Development assets	Total
Total as of December 31, 2013	8,819,361	71,204	8,890,565
Additions	2,005,644	304,392	2,310,036
Disposals and decreases	(5,412)	-	(5,412)
Translation differences	487,359	-	487,359
Change in consolidation	1,255,988	-	1,255,988
Transfer to assets held for sale	(7,337,767)	(375,596)	(7,713,363)
Total as of December 31, 2014	5,225,173	-	5,225,173

Accumulated amortization	Intangible and financial assets	Development assets	Total
Total accum. amort. as of December 31, 2013	(299,488)	(17,834)	(317,322)
Additions	(210,440)	(3,060)	(213,500)
Disposals and decreases	9	-	9
Translation differences	(10,846)	-	(10,846)
Reclassifications	10,632	-	10,632
Transfer to assets held for sale	227,149	20,894	248,043
Total accum amort. as of December 31, 2014	(282,984)	-	(282,984)
Net balance at December 31, 2014	4,942,189	-	4,942,189

The increase in concession assets during 2014 was primarily due to progress in constructing various transmission lines in Brazil and Peru (€487 million), water and generation projects in Mexico (€556 million), the thermo-solar plants in Chile (€796 million), the construction project of a hospital in Brazil (€103 million), the Palmatir and Cadonal wind farms in Uruguay (€55 million) and the desalination plants in Ghana, Algeria and USA (€57 million). Similarly, the change in the scope of consolidation also caused a significant increase following the start-up and control of the company Mojave Solar, LLC (see Note 6.4) and the appreciation of the US Dollar and the Brazilian Real against the Euro.

The increase in 2014 was partially offset by the classification of various assets as held for sale, for a total net amount of €7,465 million (see Note 7.1). These included the Abengoa Yield assets, the concession assets of the desalination plants in Algeria (Skikda and Honnaine), transmission lines in Peru (ATN2) and a thermo-solar plant in Abu Dhabi (Shams), and the assets relating to the non-binding agreement with the EIG Global

Energy Partners (EIG) infrastructures fund that will form part of a joint venture (conventional and renewable energy power plants as well as transmission lines in different countries such as USA, Mexico, Brazil and Chile).

No significant losses from impairment of 'Concession assets in projects' were recorded during 2014.

As of December 31, 2014, the corresponding cost to financial assets amounts to €284,201 thousand (€729,611thousand as of December 31, 2013)

b) The following table shows the movements of intangible assets included in the heading 'Concession assets in projects' for 2013:

Cost	Intangible and financial assets	Development assets	Total
Total as of December 31, 2012	6,109,689	73,424	6,183,113
Additions	1,295,290	-	1,295,290
Disposals and decreases	(2,741)	-	(2,741)
Translation differences	(414,484)	-	(414,484)
Change in consolidation	1,469,234	(2,220)	1,467,014
Reclassifications	362,373	-	362,373
Total as of December 31, 2013	8,819,361	71,204	8,890,565

Accumulated amortization	Intangible and financial assets	Development assets	Total
Total accum. amort. as of December 31, 2012	(166,053)	(15,353)	(181,406)
Additions	(153,803)	(2,878)	(156,681)
Disposals and decreases	177	-	177
Translation differences	9,271	-	9,271
Change in consolidation	(3,017)	397	(2,620)
Reclassifications	13,937	-	13,937
Total accum amort. as of December 31, 2013	(299,488)	(17,834)	(317,322)
Net balance at December 31, 2013	8,519,873	53,370	8,573,243

The increase in the cost of concession assets was primarily due to progress in developing infrastructure concessions projects, mainly various transmission lines in Brazil and Peru (€727 million); projects in México (€381 million); the Palmatir and Cadonal wind farms in Uruguay (€114 million) and the desalination plants in Ghana and Algeria (€83 million).

Additionally, the increase was caused by the reclassification due to transfer of the fixed assets related to the Solaben 1 and 6 thermo-solar plants in Spain from PP&E (see Note 8.2); and the change in the consolidation scope following the entry into operation and control of the company Arizona Solar One, LLC (see Note 6.4), partially offset by the reclassification of the assets of the Quingdao desalination plant under Assets Held for Sale (-€142 million), see Note 6.3.b, and the depreciation of the Brazilian real and the US dollar with respect to the Euro.

No significant losses from impairment of 'Concession assets in projects' were recorded during 2013.

c) As part of the ongoing regulatory reform of the electricity sector developed in the Royal Decree 413/2014 approved on June 6, 2014, the Order IET/1045/2014 of June 16 was published on June 20 by the Government in the Official State Gazette (BOE), which defines the new payment system for certain electricity power plants based on renewable, cogeneration, and waste energies. The new regulations define the investment and operating reference values for thermo-solar plants (with tower technology and parabolic trough), photovoltaic and cogeneration plants. As a consequence, and after analyzing their potential impacts that could have such measures, Management has concluded that these modifications will have no negative impact on the information reflected.

d) Capitalized interest cost for the year ended December 31, 2014 amounts to €88,665 thousand (€115,113 thousand in 2013)

e) There are no intangible assets with indefinite useful lives. There are no intangible assets restricted for use or pledged as security for liabilities.

f) Appendix VII to these Consolidated Financial Statements includes certain information on project companies included within the scope of IFRIC 12.

10.2. Other assets in projects

a) The table below shows the movement in 'Other assets in projects' for 2014:

Cost	Land and buildings	Technical installations and machinery	Advances and fixed assets in progress	Other PP&E	Software and other intangibles	Total
Total as of December 31, 2013	284,552	1,058,459	24,187	376,450	73,861	1,817,509
Additions	13,829	11,322	1,299	19,287	3,919	49,656
Disposals and decreases	-	(1,404)	(229)	(513)	(345)	(2,491)
Translation differences	10,605	52,197	(422)	4,103	601	67,084
Reclassifications	4,550	3,605	(2,444)	(24,360)	951	(17,698)
Transfer to assets held for sale	(7,949)	(126,905)	-	(2,797)	-	(137,651)
Total as of December 31, 2014	305,587	997,274	22,391	372,170	78,987	1,776,409

Accumulated depreciation	Buildings	Technical installations and machinery	Advances and fixed assets in progress	Other PP&E	Software and other intangibles	Total
Total accum. deprec. as of December 31, 2013	(84,166)	(231,517)	-	(139,101)	(21,695)	(476,479)
Additions	(11,437)	(52,800)	-	(16,528)	(4,778)	(85,543)
Disposals and decreases	9	676	-	223	4	912
Translation differences	(1,828)	(12,237)	-	(1,677)	(244)	(15,986)
Reclassifications	4,585	(10,744)	-	24,667	-	18,508
Transfer to assets held for sale	25,246	2,595	-	514	-	28,355
Total accum. deprec. as of December 31, 2014	(67,591)	(304,027)	-	(131,902)	(26,713)	(530,233)
Net balance at December 31, 2014	237,996	693,247	22,391	240,268	52,274	1,246,176

The net increase in Other assets in projects was mainly due to investments to improve other production assets of the bioenergy business in Brazil (€20 million), the acquisition of a plot of land adjoining Campus Palmas Altas (€5 million) as well as other plot of land for generation projects in Mexico (€4 million) and the appreciation of the US Dollar and the Brazilian Real against the Euro. This increase in 2014 was partially offset by the classification of Abengoa Yield's assets as assets held for sale totaling €109 million (see Note 7.1).

No significant losses from impairment of 'Other assets in projects' were recorded during 2014.

b) The table below shows the movement in 'Other assets in projects' for 2013:

Cost	Land and buildings	Technical installations and machinery	Advances and fixed assets in progress	Other PP&E	Software and other intangibles	Total
Total as of December 31, 2012	424,847	1,447,136	137,143	351,979	91,228	2,452,333
Additions	2,183	3,645	1,675	18,635	-	26,138
Disposals and decreases	-	(8,421)	(218)	(155)	-	(8,794)
Translation differences	(12,642)	(83,320)	(2,023)	(68,642)	(4,071)	(170,698)
Change in consolidation	(119,326)	(298,276)	(81,863)	(14,412)	(9,007)	(522,884)
Reclassifications	(10,510)	(2,305)	(30,527)	89,045	(4,289)	41,414
Total as of December 31, 2013	284,552	1,058,459	24,187	376,450	73,861	1,817,509

Accumulated depreciation	Buildings	Technical installations and machinery	Advances and fixed assets in progress	Other PP&E	Software and other intangibles	Total
Total accum. deprec. as of December 31, 2012	(105,131)	(416,435)	-	(122,846)	(23,623)	(668,035)
Additions	(19,091)	(32,214)	-	(49,851)	(2,066)	(103,222)
Disposals and decreases	-	4,926	-	125	-	5,051
Translation differences	2,655	26,453	-	24,528	984	54,620
Change in consolidation	33,370	184,348	-	9,770	3,010	230,498
Reclassifications	4,031	1,405	-	(827)	-	4,609
Total accum. deprec. as of December 31, 2013	(84,166)	(231,517)	-	(139,101)	(21,695)	(476,479)
Net balance at December 31, 2013	200,386	826,942	24,187	237,349	52,166	1,341,030

The net decrease in Other assets in projects was primarily due to changes in the consolidation scope caused by the sale of the shareholding in Befesa Medio Ambiente, S.L.U. (-€290 million), see Note 7, as well as the negative effect of the depreciation of the Brazilian real with respect to the Euro.

During 2013, no significant losses from impairment of 'Other assets in projects' were recorded.

c) Borrowing costs capitalized for the years ended December 31, 2014 were null (€1,635 thousand as of December 31, 2013).

d) The fixed assets in projects have no mortgage warranty additional to the ones assigned to its project debt (see Note 19).

e) It is the policy of the Group to enter into a number of insurance policies to cover risks relating to property, plant and equipment.

f) In cases of property plant and equipment over third party land, the company has estimated the dismantling costs of affected items, as well as the rehabilitation costs of the place where they are settled (see Note 22.1).

10.3. Assets constructed by group

The table below sets out the information related to those assets constructed by the Group during 2014 and 2013 classified under the heading Fixed assets in projects of the Consolidated Statement of Financial Position (concessions and other assets in projects):

Item	12.31.14	12.31.13
Fixed assets in projects constructed by the Group (accumulated)	5,899,869	9,747,611
Revenue generated by fixed assets in project constructed by the Group	1,167,402	1,362,642
Operating result of fixed assets in project constructed by the Group	289,675	156,184

Note 11.- Investments in associates

11.1. The table below shows the breakdown and the movement of the investments held in associates for 2014 and 2013:

Investment in associates	Balance as of 12.31.14	Balance as of 12.31.13
Initial balance	835,682	920,140
Translation differences	2,047	(27,536)
Equity contributions	303,744	372,736
Changes in consolidation	(787,236)	(412,577)
Reclassification to assets held for sale	(42,037)	-
Distribution of dividends	(7,957)	(11,916)
Share of (loss)/profit	7,018	(5,165)
Final balance	311,261	835,682

11.2. The tables below shows a breakdown of assets, revenues and operating profit as well as other information of interest for the years 2014 and 2013 of the associated companies:

Company	% shares	Assets	Revenues	Operating profit 2014
Agroenergía de Campillos, S.L.	25.00	-	-	-
Agua y Gestión de Servicios Ambientales, S.A.	41.54	89,586	25,002	(510)
Al Osais-Inabensa Co., Ltd	50.00	4,584	(1,503)	(6,687)
Ashalim Thermo Solar Management, Ltd.	50.00	-	-	-
ATE VIII Transmissora de Energía, S.A.	50.00	30,018	2,014	658
Basor México, S.A.P.I. de C.V.	50.00	755	391	(162)
Chennai O&M, JV Private Limited	50.00	-	-	-
Chennai Water Desalination Limited	25.00	88,139	23,379	514
Coaben, S.A. de C.V.	50.00	9,330	496	(407)
Cogeneración Motril, S.A.	19.00	15,952	(1,725)	(1,725)
Concecutex, S.A. de C.V.	50.00	71,135	4,928	2,347
Concesionaria Costa del Sol S.A.	50.00	26,730	350	(3,549)
Concesionaria Hospital del Tajo, S.A.	20.00	62,519	8,061	2,074
Consorcio Teyma M y C, Ltda.	50.00	59	-	-
Evacuación Valdecaballeros, S.L.	57.14	21,768	-	(744)
Evacuación Villanueva del Rey, S.L.	45.13	3,485	-	(17)
Explotaciones Varias, S.L.	50.00	44,296	634	205
Explotadora Hospital del Tajo, S.L.	20.00	1,197	3,557	7
Geida Tlemcen, S.L.	50.00	21,770	-	4,344
Ghenova Ingeniería S.L.	20.00	3,353	255	255
Green Visión Holding, BV	24.00	18,004	3,055	277
Greentech Water Engineering Company	25.00	26,160	13,137	1,196
Helioenergy Electricidad Dos, S.A.	50.00	278,319	28,813	537
Helioenergy Electricidad Uno, S.A.	50.00	277,328	28,800	795
HZN Manutenção Hospitalar Ltda.	33.00	1,192	1,232	195
Inabensa Green Energy Co., Ltd.	50.00	1,227	2,440	(76)
Inapreu, S.A.	50.00	11,204	1,308	1
Kaxu Solar One (Pty) Ltd.	51.00	505,111	-	(306)
Khi Solar One (Pty) Ltd. (1)	51.00	268,159	-	(89)
Ledincor, S.A.	49.00	7,341	3,265	338
Lidelir, S.A.	49.00	12,069	5,401	1,882
Micronet Porous Fibers, S.L.	50.00	7,125	-	76
Myah Bahr Honaine, S.P.A. (2)	25.50	202,192	46,847	20,382
Negev Energy - Ashalim Thermo-Solar, Ltd. (2)	50.00	149	-	-
Negev Energy Ashalim Operation and Mantainance, Ltd.	50.00	-	-	-
Negev Energy Finance, Ltd.	50.00	-	-	-
Residuos Sólidos Urbanos de Ceuta, S.L.	50.00	5,168	-	210
Servicios Culturales Mexiquenses, S.A. de C.V.	50.00	1,495	4,107	186
Shams Power Company PJSC	40.00	635,290	70,516	10,895
SolelAben EPC Ashalim, L.P.	50.20	-	-	-
SRC Nanomaterials, S.A	50.00	331	-	125
Total Abengoa Solar Emirates Investment Company, B.V. (2)	50.00	49,647	-	(104)
Total Abengoa Solar Emirates O&M Company, B.V.	50.00	348	1,345	165
TSMC Ingeniería y Contrucción, Ltda.	33.30	60	-	-
Xina Solar One (Rf) (Pty), Ltd.	80.00	33,160	-	337
Total 2014		2,835,755	276,105	33,625

(1) The assets heading includes assets certified as development related to the solar-thermal power plant that uses tower technology and concentrated solar power in South Africa, totaling €118,804 thousand, applying the shareholding that the Company holds. See Note 8.3 for more details of assets under development.
(2) Companies classified as assets held for sale (see Note 7).

Company	% shares	Assets	Revenues	Operating profit 2013
Abengoa Bioenergy Biomass of Kansas, LLC (3)	100.00	407,071	-	(330)
Agua y Gestión de Servicios Ambientales, S.A.	41.54	89,586	4,198	(5,954)
Al Oasis-Inabensa Co. Ltd	50.00	12,570	30,463	(15,836)
ATE VIII Transmissora de Energía, S.A.	50.00	30,012	-	(67)
Basor México, S.A.P.I. de C.V.	50.00	612	128	(130)
Central Eólica São Tomé Ltda.	9.00	2	-	(2)
Chennai Water Desalination Limited	25.00	76,088	22,241	664
Coaben SA de CV	50.00	14,103	-	1,406
Cogeneración Motril, S.A.	19.00	22,047	42,952	2,069
Concecutex, S.A. de C.V.	50.00	69,963	4,887	562
Concesionaria Costa del Sol S.A.	50.00	25,888	358	(1,283)
Concesionaria Hospital del Tajo, S.A.	20.00	63,512	8,656	1,925
Consorcio Teyma M y C Ingeniería	50.00	59	-	-
Evacuación Valdecaballeros, S.A.	57.14	22,027	-	(751)
Evacuación Villanueva del Rey, S.L.	45.13	3,709	-	-
Explotaciones Varias, S.L.	50.00	44,140	401	(89)
Explotadora Hospital del Tajo, S.L.	20.00	1,430	3,739	-
Geida Tlemcen, S.L.	50.00	31,939	-	(627)
Ghenova Ingeniería S.L.	20.00	1,340	-	(3,250)
Green Visión Holding BV	24.00	13,889	5,696	937
Helioenergy Electricidad Dos, S.A.	50.00	282,686	25,414	(2,777)
Helioenergy Electricidad Uno, S.A.	50.00	282,794	25,547	(2,325)
Íbice Participações e Consultoria em Energia S.A.	50.00	951	-	30
Inabensa Green Energy Co., Ltd.	50.00	396	-	-
Inapreu, S.A.	50.00	10,979	1,291	16
Kaxu Solar One (Pty) Ltd.	51.00	416,669	-	(89)
Khi Solar One (Pty) Ltd. (3)	51.00	252,262	-	(60)
Ledincor S.A.	49.00	6,341	942	541
Lidelir S.A.	49.00	8,864	878	164
Micronet Porous Fibers, S.L.	50.00	6,501	4	160
Mojave Solar LLC	100.00	1,038,986	-	10
Myah Bahr Honaine, S.P.A.	25.50	211,783	31,142	9,975
Negev Energy - Ashalim Thermo-Solar Ltd.	50.00	-	-	-
Palen Solar Holdings, LLC	42.97	48,909	-	-
Parque Eólico Cristalândia Ltda.	20.00	22	-	(4)
Resurce, Resid. Urbanos de Ceuta, S.L.	50.00	6,210	503	506
Servicios Culturales Mexiquenses, S.A. de C.V.	50.00	1,892	4,072	179
Shams Power Company PJSC	40.00	591,373	18,997	7,229
SRC Nanomaterials, S.A	50.00	547	-	195
Tendogenix (RF) (Pty) Ltd.	40.00	-	-	-
Total Abengoa Solar Emirates Investment Company, B.V.	50.00	45,581	-	(268)
Total Abengoa Solar Emirates O&M Company, B.V.	50.00	1,420	1,955	790
TSMC Ingeniería y Contrucción, Ltda.	33.30	70	-	-
Total 2013		4,145,223	234,464	(6,484)

(3) The assets heading includes assets certified as development related to the ethanol production plant in Kansas (USA), which uses biomass and second-generation technology, totaling €369,882 thousand in 2013, and the solar-thermal power plant that uses tower technology and concentrated solar power in South Africa, totaling €104,357 thousand in 2013 applying the shareholding that the Company holds. See Note 8.3 for more details of assets under development.

11.3. The shareholding percentages in associates does not differ from the voting rights percentage on them. The accumulated other comprehensive income as of December 31, 2014 related to investments in associates amounts to €-47,510 thousand (€-53,534 thousand as of December 31, 2013).

Note 12.- Financial instruments by category

The Group's financial instruments are primarily deposits, clients and other receivables, derivatives and loans. Financial instruments by category (current and non-current), reconciled with the Statement of Financial Position, are as follows:

Category	Notes	Loans and receivables / payables	Non-hedging derivatives	Hedging derivatives	Available for sale	Balance as of 12.31.14
Available-for-sale financial assets	13	-	-	-	46,649	46,649
Derivative financial instruments	14	-	745	20,094	-	20,839
Financial accounts receivables	15	1,667,552	-	-	-	1,667,552
Clients and other receivables	15	2,156,916	-	-	-	2,156,916
Cash and cash equivalents	17	1,810,813	-	-	-	1,810,813
Total Financial assets		5,635,281	745	20,094	46,649	5,702,769
Project debt	19	4,958,114	-	-	-	4,958,114
Corporate financing	20	5,325,350	-	-	-	5,325,350
Trade and other current liabilities	25	5,555,168	-	-	-	5,555,168
Derivative financial instruments	14	-	45,682	259,353	-	305,035
Total Financial liabilities		15,838,632	45,682	259,353	-	16,143,667

Category	Notes	Loans and receivables / payables	Non-hedging derivatives	Hedging derivatives	Available for sale	Balance as of 12.31.13
Available-for-sale financial assets	13	-	-	-	50,207	50,207
Derivative financial instruments	14	-	2,686	58,865	-	61,551
Financial accounts receivables	15	1,575,301	-	-	-	1,575,301
Clients and other receivables	15	1,869,972	-	-	-	1,869,972
Cash and cash equivalents	17	2,951,683	-	-	-	2,951,683
Total Financial assets		6,396,956	2,686	58,865	50,207	6,508,714
Project debt	19	6,320,950	-	-	-	6,320,950
Corporate financing	20	5,654,409	-	-	-	5,654,409
Trade and other current liabilities	25	5,514,186	-	-	-	5,514,186
Derivative financial instruments	14	-	81,530	229,652	-	311,182
Total Financial liabilities		17,489,545	81,530	229,652	-	17,800,727

The information on the financial instruments measured at fair value, is presented in accordance with the following level classification:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Measured on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Measured on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following is a breakdown of the Group's assets and liabilities measured at fair value as of December 31, 2014 and 2013 (except assets and liabilities with a carrying amount close to their fair value, non-quoted equity instruments measured at cost and contracts with components that cannot be measured reliably):

Category	Level 1	Level 2	Level 3	Balance as of 12.31.14
Non-hedging derivatives	-	(44,937)	-	(44,937)
Hedging derivatives	-	(239,259)	-	(239,259)
Available-for-sale	33	-	46,616	46,649
Total	33	(284,196)	46,616	(237,547)

Category	Level 1	Level 2	Level 3	Balance as of 12.31.13
Non-hedging derivatives	-	(78,844)	-	(78,844)
Hedging derivatives	-	(170,787)	-	(170,787)
Available-for-sale	4,449	-	45,758	50,207
Total	4,449	(249,631)	45,758	(199,424)

The financial instruments at fair value, determined from prices published in active markets (Level 1), consist of shares.

The majority of Abengoa's portfolio comprises financial derivatives designated as cash flow hedges, is classified as level 2 and corresponds mainly to the interest rate swaps (see Note 14).

The caption Non-hedging derivatives accounting includes the fair value of the derivatives embedded in the convertible notes except for the 2019 notes, the fair value of the call options over Abengoa's own shares, as well as those derivatives purchased with the purpose of hedging a market risk (interest rate, foreign exchange or commodities) that do not fulfil all the requirements, according to IAS 39 to be recorded as hedges from an accounting point of view.

Level 3 corresponds mainly to the 3% interest held by Abengoa, S.A. in Yoigo, S.A., a Spanish telecom operator, recorded at fair value of €32,997 thousand and held through the ownership of Siema Investments, S.L. (a holding company owned 100% by Abengoa, S.A.).

The valuation method used to calculate the fair value was discounting cash flows based on business plan of such instrument, using as discount rate a weighted average cost of capital (WACC) of market, 10%. A sensitivity analysis has also been performed considering different discount rates and deviations of the business plan in order to ensure that potential valuation changes do not worsen in any case the fair value.

Additionally, the embedded derivative of the convertible loan received as part of the consideration for the sale of Befesa (See Note 7.3), is classified within Level 3. As of December 31, 2014, the embedded derivative has a negative fair value of €8,498 thousands (€-36 thousands in 2013).

If the equity value of Befesa had increased by 10%, assuming that the average horizon of permanence of the financial fund before the sale of Befesa did not change compared with respect to the hypotheses considered in assessing, the fair value of the embedded derivative would have increased € 537 thousand (€20 thousand in 2013).

The following table shows the changes in the fair value of level 3 assets for the years ended December 31, 2014 and 2013:

Movements	Amount
Beginning balance as of December 31, 2012	45,704
Gains and losses recognized in Equity (see Note 13.1)	(568)
Change in consolidation, reclassifications and translation differences	622
Total as of December 31, 2013	45,758
Gains and losses recognized in Equity (see Note 13.1)	(1,414)
Change in consolidation, reclassifications and translation differences	2,272
Total as of December 31, 2014	46,616

During the periods ended December 31, 2014 and 2013, there have not been any reclassifications amongst the three levels presented above.

Note 13.- Available-for-sale financial assets

13.1. The following table shows the detail and the movement on available-for-sale financial assets during 2014 and 2013:

Available for sale financial assets	Balance
At January 1, 2012	49,695
Additions	3,802
Gain/Losses transferred to equity	(568)
Derecognitions	(2,722)
At December 31 , 2013	50,207
Additions	1,626
Gain/Losses transferred to equity	(1,414)
Derecognitions	(3,770)
At December 31 , 2014	46,649
Less: Non-current portion	39,466
Current portion	7,183

13.2. The following table shows those entities which, in accordance with the then current legislation, were not consolidated in the years 2014 and 2013 and in which the parent company's direct and indirect shareholding is higher than 5% and lower than 20%. The net carrying amount of these holdings is €7,962 thousand at December 31, 2014 (€8,159 thousand in 2013).

Non-current financial assets	2014 % Holding	2013 % Holding
Dyadic Investment	7.00	7.00
Fundación Soland	16.67	16.67
Norpost	10.00	10.00
Proxima Ltd. (Nexttel)	10.00	10.00
Soc. Con. Canal Navarra	10.00	10.00
Sociedad Andaluza de Valoración Biomasa	6.00	6.00
Viryanet, Ltd.	-	7.86

Current financial assets	2014 % Holding	2013 % Holding
BC International Corp.	-	9.00
Comeesa	5.31	5.31
Chekin	14.28	14.28
Medgrid, SAS	5.45	5.00
Mediación Bursátil, S.V.B., S.A.	8.00	8.00
Operador Mercado Ibérico (OMIP)	5.00	5.00

13.3. All necessary notifications have been made to the companies in which the Group holds an interest of over 10%, as required under Article 155 of Spanish Corporate Law (Ley de Sociedades de Capital).

13.4. There are no circumstances which have a material impact on the financial assets on the Group's portfolio, such as litigations, pledges, etc.

13.5. There are no firm agreements in place regarding the sale or purchase of these investments which could be considered material in relation to the Group's Financial Statements.

13.6. The amount of interest accrued but not yet collected is not material.

13.7. There are no fixed-yield securities in arrears. The average rate of return on fixed-yield securities is in line with the market.

13.8. As of December 31, 2014 and 2013, Abengoa, S.A. held a 3% interest in Yoigo, S.A, a Spanish telecom operator, recorded at fair value of €32,997 thousand and held in the Group through the ownership of Siema Investments, S.L. (a holding company owned 100% by Abengoa, S.A.). Additionally the shareholders of Yoigo have granted this company several 'participative' loans in accordance with a pre-established plan, which

involved a total disbursement of €21,030 thousand (as of December 31, 2014 and 2013), equivalent to 3% of the total loan made to the company by its shareholders in said years.

To value this holding, as in prior periods, once Yoigo's activities had commenced, the principal reference point taken is the company's future cash-flow generation on the basis of its current Business Plan, discounted at a rate appropriate to the sector in which this company operates (See Note 12).

As a result of the purchase of its holding in Yoigo, Siema Investment, S.L. became responsible, for furnishing guarantees to the Spanish Administration as security for compliance with the commitments relating to investment, commercialization, employment and network development acquired by Yoigo, together with other guarantees relating to the Radioelectronic Spectrum Rate, which the Group is required to counter-guarantee, for a total amount of €3,387 thousand (as of December 31, 2014 and 2013).

13.9. As a result of the analysis of impairment of available-for sale financial assets, no significant losses from impairment were recorded.

Note 14.- Derivative financial instruments

14.1. The fair value of derivative financial instruments (see Note 12) as of December 31, 2014 and 2013 is as follows:

		12.31.14		12.31.13	
	Note	Assets	Liabilities	Assets	Liabilities
Exchange rate derivatives – cash flow hedge	14.2.a	6,017	13,163	6,028	13,519
Interest rate derivatives – cash flow hedge	14.3.a	5,271	215,308	43,889	200,483
Interest rate derivatives – non-hedge accounting	14.3.c	-	33,163	-	14,765
Commodity derivatives – cash flow hedge	14.4.a	8,806	30,882	8,948	15,650
Embedded derivatives of convertible bonds and shares options	20.3	745	12,519	2,686	66,765
Total		20,839	305,035	61,551	311,182
Non-current part		5,997	225,298	46,347	266,802
Current part		14,842	79,737	15,204	44,380

Information about the valuation techniques of derivative financial instruments is described in Notes 2.11 and 12.

Derivatives classified as non-hedge accounting are those derivative financial instruments which, although obtained for the purpose of hedging certain market risks (interest rates, exchange rates, commodity prices and fair value class B share Abengoa), do not meet the specific requirements established by IAS 39 to be designated as hedging instruments from an accounting point of view (since, at the inception of the hedge, there was no designation or formal documentation relating to the hedge or the risk management strategy that it was intended to implement) or, having complied with all of the requirements to be designated a hedging instrument, the underlying has been sold or the hedging designation has been interrupted.

Fair value of derivative assets decreased during 2014 mainly due to the unfavorable evolution of hedging interest rate derivatives, as well as, the decrease for classifying derivative financial instruments of Abengoa Yield as financial assets held for sale.

Fair value of derivative liabilities decreased during 2014 due to the reclassification to equity of the fair value of the embedded derivative of the convertible note due in 2019 because in 2014, conversion option meets the definition of equity instrument (see Note 20.3). Additionally, there has been a decrease for classifying derivative financial instruments of Abengoa Yield as financial assets held for sale. These decreases have been partially offset by an increase due to the unfavourable evolution of hedging interest rate derivatives, mainly due to a decrease in the fair value of swaps resulting from the decrease in the future interes rates.

The fair value amount recognized in the Consolidated Income Statement of the 2014 fiscal year for the financial instruments derivatives designated as hedging instruments is a loss of €29,720 thousand (loss of €88,924 thousand in 2013).

Included in the following sections are detailed fair value presentations of each of the categories of derivative financial instruments presented in the table above. The net position of assets and liabilities for each line item of the summary table above reconciles with the net amount of the fair values of collections and payments for exchange rate derivatives, the net amount of the fair values of caps and swaps for interest rates hedges and the net amount of the fair values of commodity price derivatives, respectively.

14.2. Exchange rate hedges

The terms 'Collection hedges' and 'Payment hedges' refer to foreign currency derivatives designated as hedging instruments of future cash inflows and outflows associated to highly probable forecasted sales and purchase, respectively, denominated in a foreign currency.

The following table shows a breakdown of the notional amounts of the financial instruments relating to amounts receivable and payable in foreign currencies as of December 31, 2014 and 2013:

	Collection hedges		Payment hedges	
Exchange Rates	2014	2013	2014	2013
Krona (Sweden)	-	-	3,737	1,653
Dirhams (UAE)	8,754	13,222	8,161	7,683
Dirhams (Morocco)	-	533	-	-
Dollar (Australia)	-	-	194	1,939
Dollar (USA)	105,804	328,421	473,218	226,943
Euro	-	-	-	4,978
Shilling (Kenya)	5,944	-	1,963	-
Franc (Switzerland)	-	-	2,495	-
Pound Sterling (UK)	-	-	24	68
Mexican Peso (Mexico)	7	-	15	8
Yen (Japan)	12	-	31	15
Shekel (Israel)	-	-	5,330	-
Peso (Uruguay)	244	-	-	-
Zloty (Poland)	83,308	137,363	27,594	65,647
Total	204,073	479,539	522,762	308,934

The following table shows a breakdown of the fair values of exchange rate derivatives relating to amounts receivable and payable in foreign currencies as of December 31, 2014 and 2013:

	Collection hedges		Payment hedges	
Exchange Rates	2014	2013	2014	2013
Krona (Sweden)	-	-	(254)	2
Dirhams (UAE)	(677)	430	639	(289)
Dirhams (Morocco)	-	4	-	-
Dollar (Australia)	-	-	1	(102)
Dollar (USA)	(3,746)	12,499	2,915	(14,378)
Euro	-	-	-	1
Shilling (Kenya)	(88)	-	(2)	-
Franc (Switzerland)		-	27	-
Pound Sterling (UK)	-	-	-	2
Peso (Mexico)	-	-	(1)	-
Yen (Japan)	1	-	(2)	(1)
Shekel (Israel)	-	-	105	-
Peso (Uruguay)	(13)	-	-	-
Zloty (Poland)	(7,176)	(8,555)	1,125	2,896
Total	(11,699)	4,378	4,553	(11,869)

a) Cash flow hedges

The table below shows a breakdown of the maturities of notional amounts of exchange rate derivatives designated as cash flow hedges at the end of 2014 and 2013:

	12.31.14		12.31.13	
Notionals	Collections	Payments	Collections	Payments
Up to 1 year	162,596	516,763	404,477	290,853
Between 1 and 2 years	41,477	5,999	45,579	17,616
Between 2 and 3 years	-	-	29,483	465
Total	204,073	522,762	479,539	308,934

The table below shows a breakdown of the maturities of fair value amounts of exchange rate derivatives designated as cash flow hedges at the end of 2014 and 2013 year end:

	12.31.14		12.31.13	
Fair value	Collections	Payments	Collections	Payments
Up to 1 year	(9,151)	4,602	8,714	(11,880)
Between 1 and 2 years	(2,548)	(49)	(2,988)	36
Between 2 and 3 years	-	-	(1,348)	(25)
Total	(11,699)	4,553	4,378	(11,869)

The net amount of the fair value of exchange rate derivatives designated as cash flow hedges transferred to the Consolidated Income Statement in 2014 and 2013 has been of €10,443 thousand and €-5,211 thousand, respectively (see Note 18.3).

The ineffective amount recognized in the Consolidated Income Statement for the years 2014 and 2013 with respect to exchange rate derivatives designated as cash flow hedges amounts to €801 thousand and €1,040 thousand, respectively.

The after-tax gains/losses accumulated in equity in connection with exchange rate derivatives designated as cash flow hedges at December 31, 2014 amounted to € -14,317 thousand (€-4,362 thousand in 2013), (see note 18.3).

b) Fair value hedges

The group does not have any exchange rate derivatives designated as fair value hedges at the end of 2014 and 2013.

c) Non-hedge accounting derivatives

At the end of 2014 and 2013 the Group does not hold any exchange rate non-hedge accounting derivatives instruments.

The net amount of the fair value of exchange rate derivatives charged directly to the Consolidated Income Statement as a result of not meeting all the requirements of IAS 39 to be designated as hedges represented an impact of €266 thousand (€283 thousand in 2013) (see Note 30.2).

14.3. Interest rate hedges

As stated in Note 4 to these Consolidated Financial Statements, the general hedging policy for interest rates is to purchase call options in exchange of a premium to fix the maximum interest rate cost. Additionally, under certain circumstances, the company also uses floating to fixed interest rate swaps.

As a result, the notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, can be diverse:

- Corporate Financing: we hedge between 75% and 100% of the notional amount, with maturities up to 2022 and average guaranteed interest rates of between 0.50% and 4.75% for loans referenced to the 1-month, 3-months and 6 months Euribor rates.
- Project debt:
  - Project debt in Euros: we hedge between 80% and 100% of the notional amount, maturities until 2032 and average guaranteed interest rates of between 0.55% and 4.88%.
  - Project debt in US Dollars: we hedge between 70% and 100% of the notional amount, including maturities until 2032 and average guaranteed interest rates of between 0.59% and 3.54%.

a) Cash flow hedges

The table below shows a breakdown of the maturities of notional amounts of interest rate derivatives designated as cash flow hedges at the 2014 and 2013 year end:

	12.31.14		12.31.13	
Notionals	Cap / Collar	Swap	Cap / Collar	Swap
Up to 1 year	3,028,195	15,699	3,029,715	231,932
Between 1 and 2 years	2,734,645	17,120	3,033,757	37,190
Between 2 and 3 years	2,842,634	18,164	2,756,511	39,962
Subsequent years	3,236,461	321,656	4,764,796	821,217
Total	11,841,935	372,639	13,584,779	1,130,301

The table below shows a breakdown of the maturity of the fair values of interest rate derivatives designated as cash flow hedges at the 2014 and 2013 year end:

	12.31.14		12.31.13	
Fair value	Cap / Collar	Swap	Cap / Collar	Swap
Up to 1 year	(24,762)	(5,407)	(14,910)	(13,219)
Between 1 and 2 years	(11,841)	(5,880)	(15,705)	87
Between 2 and 3 years	(3,568)	(6,295)	(1,157)	90
Subsequent years	2,734	(155,018)	36,227	(148,007)
Total	(37,437)	(172,600)	4,455	(161,049)

The net amount of the fair value of interest rate derivatives designated as cash flow hedges transferred to the Consolidated Income Statement in 2014 and 2013 has been of €-84,567 thousand and €-94,226 thousand, respectively (see Note 18.3).

The after-tax gains/losses accumulated in equity in connection with derivatives designated as cash flow hedges at the end of 2014 and 2013 amount to €-253,783 thousand and €-151,733 thousand, respectively (see Note 18.3).

The net amount of the time value component of the cash flow derivatives fair value recognized in the Consolidated Income Statement for the years 2014 and 2013 has been €-17,559 thousand and €21,734 thousand, respectively.

b) Fair value hedges

The Group does not have any interest rate derivatives designated as fair value hedges at the end of 2014 and 2013.

c) Non-hedges accounting derivatives

The table below shows a detail of the maturities of notional amounts of interest rate derivatives that not meet the requirements to be designed as hedging instruments at the end of 2014 and 2013:

	12.31.14	12.31.13
Notionals	Floor	Floor
Up to 1 year	630,000	-
Between 1 and 2 years	300,000	630,000
Between 2 and 3 years	1,500,000	300,000
Subsequent years	315,000	1,815,000
Total	2,745,000	2,745,000

The table below shows a detail of the maturities of fair values of non-hedge accounting interest rate derivatives at the end of 2014 and 2013:

	12.31.14	12.31.13
Fair value	Floor	Floor
Up to 1 year	(9,082)	-
Between 1 and 2 years	(4,358)	(6,497)
Between 2 and 3 years	(15,484)	(1,993)
Subsequent years	(4,239)	(6,275)
Total	(33,163)	(14,765)

At the end of 2014 and 2013, the net amount of the fair value of interest rate derivatives charged directly to the Consolidated Income Statement as a result of not meeting all the requirements of IAS 39 to be designated as hedges represented an impact of €-18,401 thousand and €533 thousand, respectively (see Note 30.1).

14.4. Commodity price hedges

In relation to hedges of commodity prices, as stated in Note 2.10 of the Consolidated Financial Statements of Abengoa for the year ended on December 31, 2014, the different activities carried on by Abengoa through its different segments (Biofuels and Engineering and construction) expose the group to risks derived from the fair value of certain commodity prices (aluminum, grain, ethanol and gas).

To hedge these risks, Abengoa uses derivative contracts and OTC derivatives for commodity prices.

a) Cash flow hedges

The table below shows a breakdown of the maturities of notional amounts for the commodity price derivatives designated as cash flow hedges at the 2014 and 2013 year end:

2014	Ethanol (Gallons)	Gas (MMbtu)	Grain (Bushels)	Aluminum (Tons)
Up to 1 year	50,610,000	2,015,989	104,750,000	115,522
Total	50,610,000	2,015,989	104,750,000	115,522

2013	Ethanol (Gallons)	Gas (MMbtu)	Grain (Bushels)	Aluminum (Tons)
Up to 1 year	94,752,000	2,814,591	41,735,000	120,642
Total	94,752,000	2,814,591	41,735,000	120,642

The table below shows a breakdown of the maturities of the fair value of commodity price derivatives designated as cash flow hedges at the 2014 and 2013 year end:

2014	Ethanol	Gas	Grain	Aluminum
	(€ thousands)			
Up to 1 year	(2,733)	(1,386)	10,364	(29,418)
Total	(2,733)	(1,386)	10,364	(29,418)

2013	Ethanol	Gas	Grain	Aluminum
	(€ thousands)			
Up to 1 year	4,587	755	2,715	(14,759)
Total	4,587	755	2,715	(14,759)

The net amount of the fair value of commodity price derivatives designated as cash flow hedges transferred to the Income statement in 2014 and 2013 has been of €44,404 thousand and €10,513 thousand, respectively (see Note 18.3).

The after-tax gains/losses accumulated in equity in connection with derivatives designated as cash flow hedges at December 31, 2014 amounted to €-21,288 thousand (€-7,674 thousand in 2013), see Note 18.3.

b) Non-hedge accounting derivatives

At the end of 2014 and 2013, the Group does not hold non-hedge accounting derivative financial instruments of commodity prices.

The net amount of the fair value of commodity prices derivatives charged directly to the Consolidated Income Statement as a result of not meeting all the requirements of IAS 39 to be designed as hedges represented losses of €4,808 thousand (losses of €9,837 thousand in 2013) (see Note 30.3).

Note 15.- Clients and other receivable accounts

15.1. The breakdown of Clients and Other Receivable Accounts as of December 31, 2014 and 2013 is as follows:

Item	Balance as of 12.31.14	Balance as of 12.31.13
Trade receivables	592,628	566,930
Unbilled revenues	913,122	488,883
Bad debt provisions	(82,209)	(64,047)
Tax receivables	595,784	640,567
Other debtors	137,591	237,639
Total	2,156,916	1,869,972

As a general rule, 'Unbilled revenues' are billed within the three months following completion of the work being performed on the project. Nevertheless, given the highly-tailored characteristics of some construction contracts, some projects may take longer to be billed due to specific billing milestones in the contracts. The total outstanding balances as of December 31, 2014 and 2013 are supported by contracts signed with such customers and do not include any receivables relating to customer claims.

At the end of 2014 and the 2013 there were no balances with related parties (see Note 33.2).

15.2. The fair value of Clients and other receivable accounts does not differ significantly from its carrying value.

15.3. The list of Clients and Other Accounts Receivable according to foreign currency as at December 31, 2014 and 2013 are as follows:

Currency	Balance as of 12.31.14	Balance as of 12.31.13
Algerian dinar	5,842	11,219
Dirhams (Morocco)	23,267	16,926
American dollar	343,173	259,751
New peruvian sol	61,476	25,883
Argentinian peso	36,632	9,988
Chilean peso	20,419	38,217
Mexican peso	52,174	78,155
Uruguayan peso	27,085	17,125
South African rand	21,881	-
Brazilian real	57,460	56,344
Indian rupee	34,669	8,546
Chinese yuan	2,898	28,904
Polish zloty	56,815	13,685
Others	73,127	65,631
Total	816,918	630,374

15.4. The following table shows the maturity detail of trade receivables as of December 31, 2014 and 2013:

Maturity	Balance as of 12.31.14	Balance as of 12.31.13
Up to 3 months	405,137	409,744
Between 3 and 6 months	50,928	43,305
Over 6 months	136,563	113,881
Total	592,628	566,930

15.5. The credit quality of outstanding Trade receivables, that are neither past due nor impaired, may be assessed under the following categories

Categories	Balance as of 12.31.14	Balance as of 12.31.13
Trade receivables subjet to non-recourse factoring by the bank	154,425	217,318
Trade receivables subject to recourse factoring by the bank	9,349	-
Trade receivables covered by credit insurance	1,940	2,276
Trade receivables in cash or by transfer	289,891	208,996
Trade receivables UTE/Public Entities/Other accounts	137,023	138,340
Total trade receivables	592,628	566,930

15.6. The movement in the bad debt provision for 2014 and 2013 is the following::

	Balance as of 12.31.14	Balance as of 12.31.13
Initial Balance	(64,047)	(46,086)
Provision for receivables impairment	(13,511)	(31,680)
Receivables written off during the year as uncollectible	506	533
Reversal of unused amounts	4,067	7,235
Change in consolidation	-	2,218
Reclassifications and other movements	(9,224)	3,733
Total	(82,209)	(64,047)

The most significant variations in 2014 and 2013 were primarily due to recognition of doubtful trade loans with debtor balances that mostly correspond to public clients in Spain and abroad, against whom the corresponding claims were made for the amounts owed from various construction projects, supported by the company's formal procedures, depending on each case. Given the uncertainty in relation to the future recoverability of these loans, due to various factors but most of which are beyond the company's control, it was decided to make the corresponding provision. Once the process is definitively resolved, and in the event that it is favorable for the company, the corresponding provision will be reversed against the 'Reversal of unused amounts' heading.

15.7. The Company maintains a number of non-recourse factoring lines of credit. The Company enters into these factoring agreements with certain financial institution by selling the Company's credit rights in certain commercial contracts. The factoring agreements are entered into on a non-recourse basis, meaning that the financial institutions undertake the credit risk associated with the Company's customers. The Company is responsible for the existence and legitimacy of the credit rights being sold to the financial institutions. Credit rights from recurring customers or with terms of up to one year are supported by annual revolving factoring

lines of credit. Credit rights from non-recurring customers or with terms longer than a year are supported with global transfer agreements commencing on the date when the underlying commercial contract comes into force and expiring when the contracted works are completed

At the end of the 2014 financial year, approximately €205 million (€285 million in 2013) were factored.

The finance cost in the 2014 fiscal year derived from factoring operations amounted to €16 million (€17 million in 2013).

15.8. Furthermore, as of December 31, 2014 collections amounted to €351 million (€298 million in 2013), related to a construction contract for a combined cycle plant in Mexico with a transfer agreement of the non-recourse collection rights signed with a financial institution under the 'Pidiregas' deferred financing scheme, in which a financial institution provides the funds required to construct the project until the provisional handover of the plant, when the amount of the contract is paid directly by the client to the financial institution. Consequently, Abengoa is being paid as the construction milestones are completed. The financial expense associated with this scheme in 2014 amounted to €11 million (€12 million in 2013).

15.9. The breakdown of Tax receivables as of December 31, 2014 and 2013 is as follows:

Item	Balance as of 12.31.14	Balance as of 12.31.13
Income and other taxes receivable	333,492	387,924
Social Security debtors	365	436
VAT charged	187,170	171,047
Witholdings tax and income tax advance	74,757	81,160
Total tax receivables	595,784	640,567

15.10. The following table shows a breakdown of financial accounts receivable as of December 31, 2014 and 2013:

Description	Balance as of 12.31.14	Balance as of 12.31.13
Loans	601,875	570,321
Fixed-term deposits and down payments and lease deposits	28,580	97,934
Other financial assets	10,569	5,928
Total non-current portion	641,024	674,183
Loans	118,308	159,513
Fixed-term deposits and down payments and lease deposits	908,220	741,605
Total current portion	1,026,528	901,118

This heading includes the loans, deposits and other accounts receivable considered as non-derivative financial assets not listed in an active market, with a maturity period of less than twelve months (current assets) or exceeding that period (non-current assets).

The market value of these assets does not differ significantly from their carrying amount.

Current and non-current loans for an amount of €720 million in 2014 (€730 million in 2013), mainly includes the convertible loan received in the sale of Befesa (see Note 7.3) of €176 million (€225 million of nominal amount), an account receivable of €141.8 million resulting from a favorable resolution from the Court of Arbitration of the International Chamber of Commerce in relation with the arbitration against Adriano Gianetti Dedini Ometto and Adriano Ometto Agrícola Ltda. (see Note 15.11), loans with associates amounting to €180 million, as well as credits with local administrations.

Current and non-current fixed-term and deposits for an amount of €937million (€840 million in 2013) includes primarily restricted investments in fixed-income securities and bank deposits.

Other financial assets include other receivable amounts considered as non-derivative financial assets not listed in an active market, which are not classified in any of the other categories.

15.11. In November 2011, the Arbitral Tribunal appointed by the International Court of Arbitration of the International Chamber of Commerce with seat in New York, United States, issued two arbitral awards in favor of our subsidiary ASA Bioenergy Holding A.G. ('ASA'), in relation to several claims for certain breaches of contract by Adriano Gianetti Dedini Ometto and Adriano Ometto Agrícola Ltda. (the 'Adriano' Defendants). In each of the proceedings, Adriano Defendants filed various counterclaims. Both arbitration proceedings were decided in ASA's favor, in the approximate total amount of USD 118.3 million plus accrued interest. In October 2012 Adriano Defendants presented motions to vacate such arbitral awards in the ordinary courts of New York City, which were in turn decided in our favor in first instance and in the Court of Appeals of the Second Circuit. In March 2014, Adriano Defendants filed a petition for a writ of Certiorari with the Supreme Court of the United States. In June 2014 the Supreme Court denied the petition for Certiorari. The awards are final and not subject to further appeal in United States. In addition, the Company has started the actions for the recognition of the awards in Brazil. Based on the foregoing, the company continues to provide evidence of the existence of a collection right and as a result an account receivable is still recorded for an amount of €142 million as of December 31, 2014.

Note 16.- Inventories

16.1. Inventories as of December 31, 2014 and 2013 were as follows::

Item	Balance as of 12.31.14	Balance as of 12.31.13
Goods for sale	8,992	15,817
Raw materials and other supplies	116,714	112,657
Work in progress and semi-finished products	1,135	1,160
Projects in progress	40,712	58,588
Finished products	73,101	64,582
Advance Payments to suppliers	54,135	78,177
Total	294,789	330,981

Inventories for entities located outside Spain were €196,570 thousand (€219,447 thousand in 2013).

16.2. There are no restrictions on the availability of inventories, with the exception of guarantees provided for construction projects in the normal course of business, which are released as the contractual milestones of the project are achieved.

Note 17.- Cash and cash equivalents

The following table sets out the detail of Cash and cash equivalents at December 31, 2014 and 2013:

Item	Balance as of 12.31.14	Balance as of 12.31.13
Cash at bank and on hand	980,990	1,630,597
Bank deposit	829,823	1,321,086
Total	1,810,813	2,951,683

The following breakdown shows the main currencies in which cash and cash equivalent balances are denominated:

	12.31.14		12.31.13	
Currency	Domestic companies	Non-domestic companies	Domestic companies	Non-domestic companies
Euro	464,635	71,117	934,785	220,265
US dollar	172,073	425,777	641,729	767,361
Swiss franc	755	57	592	59
Peso (Chile)	-	18,031	-	2,589
Dirhams (UAE)	4,058	-	423	-
Rupee (Indian)	5,973	1,007	1,853	9,389
Argentinian peso	-	4,104	-	9,061
Peruvian sol	753	7,686	7	58,380
Algerian dinar	1,778	31,607	525	42,026
Brazilian real	-	554,599	-	222,167
South african rand	1	24,807	37	27,583
Others	5,579	16,416	4,727	8,125
Total	655,605	1,155,208	1,584,678	1,367,005

As of December 31, 2014, the amount not drawn down of the syndicated loan (tranch A) in the form or revolving amounts to €519.8 million (see Note 20.2).

Note 18.- Shareholders' equity

18.1. Share capital

As of December 31, 2014 the share capital amounts to €91,798,901 corresponding to 839,769,720 shares completely subscribed and disbursed, divided into two distinct classes, as follows:

- 84,243,640 class A shares with a nominal value of 1 Euro each, all in the same class and series, each of which grants the holder a total of 100 voting rights ('Class A Shares').
- 755,526,080 class B shares with a nominal value of 0.01 Euros each, all in the same class and series, each of which grants One (1) voting right and which affords its holder economic rights identical to the economic rights of Class A shares as stated in article 8 of the Company's by laws ('Class B Shares' and, together with class A shares, 'Shares with Voting Rights').

Class A and B shares are listed on the Madrid and Barcelona stock exchange and on the Spanish Stock Exchange Electronic Trading System (Electronic Market). Class A shares have been listed since November 29, 1996 and class B shares since October 25, 2012. The Company presents mandatory financial information on a quarterly and semiannual basis.

On October 17, 2013, we carried out a capital increase of 250,000,000 Class B shares and on October 29, 2013 we issued, as a result of the exercise in full by the underweriters of the option to purchase additional shares to cover over-allotments, 37,500,000 additional Class B shares ('greenshoe' option). The shares were offered at a price of €1.80 per share, for total gross proceeds, including shares sold pursuant to the greenshoe option, of €517.5 million

Moreover, the controlling shareholder, Inversión Corporativa IC, S.A., subscribed 35,000,000 shares with an investment of €63 million, so that following the capital increase the Inversión Corporativa group holds a 57.79% shareholding. As part of the capital increase, the company and Inversión Corporativa IC, S.A. agreed to a lock-up clause for a period of 180 days under the standard terms for these types of transactions, which ended on April 24, 2014.

The new class B shares issued in the capital increased in 2013, are also listed on the NASDAQ Global Select Market in the form of American Depositary Shares (with five Class B shares exchangeable for one American Depositary Share).

In accordance with notifications received by the company and in compliance with reporting requirements to communicate shareholding percentages (voting rights) and the information received from relevant parties, shareholders with a significant holding as of December 31, 2014 are as follows:

Shareholders	Share %
Inversión Corporativa IC, S.A. (*)	50.178
Finarpisa, S.A. (*)	6.192

(*) Inversión Corporativa Group.

On September 30, 2012, the Extraordinary General Shareholders' Meeting approved a capital increase of 430,450,152 class B shares with a nominal value of €0.01per share, charged to our freely available reserves, which have been distributed for no consideration to all existing shareholders on the basis of four class B shares for each class A share or class B share which they held. This Extraordinary General Shareholders' Meeting approved a right of voluntary conversion for the class A shareholders to convert their class A shares with a nominal value of 1 Euro into class B shares with a nominal value of 0.01 Euros during pre-set windows until December 31, 2017. Following the exercise of this right, after each conversion window, a capital reduction has taken place and will take place, by reducing the par value of the number of converted class A shares to by 0.99 Euros per share, with a credit to restricted reserves.

During 2014 four capital conversions took place, through which 1,012,661 Class A shares were converted into class B shares, which has resulted in a reduction of capital of €1,003 thousand.

After such capital conversions the share capital as of January 28, 2015 after the end of the twelfth conversion period amounts to €91,717,022 corresponding to 836,769,720 shares completely subscribed and disbursed, and divided into two distinct classes of shares: 84,160,934 class A shares and 755,608,786 class B shares.

The General Shareholders' meeting held on April 6, 2014 approved a dividend of €0.111 per share, which totals €91,637 thousand, compared to €38,741 thousand in the previous year. On April 6, 2014, the Ordinary General Shareholders' Meeting approved the paid-up capital increase with the purpose of implementing the payment of the dividend for the fiscal year 2013 means of a 'scrip dividend'.

On April 23, 2014 the period for trading the free allotment rights corresponding to the aforementioned capital increase ended. During the period established for such purpose, the holders of 351,867,124 free allotment rights (52,193,313 of which corresponding to Class A shares and 299,673,811 corresponding to Class B shares) entitled to accept the irrevocable commitment to purchase the referred rights made by Abengoa did so. As such, on April 22, 2014, Abengoa proceed to acquire such rights in the total gross amount of € 39,057 thousand. The capital increase was carried out on April 23, 2014 with the issue of 810,582 Class A shares and 13,396,448 Class B shares, at their respective par values, in other words 1 euro for the Class A shares and 0.01 euro for the Class B shares. The total amount of the increase was therefore €944,546.48, of which €810,582 corresponded to the Class A shares issued and €133,964.48 to the Class B shares.

18.2. Parent company reserves

The following table shows the amounts and movements of the Parent Company Reserves in 2014 and 2013:

	Balance as of 12.31.13	Distribution of 2013 profits	Capital increase	Other movements	Balance as of 12.31.14
Share premium	903,377	-	-	-	903,377
Revaluation reserve	3,679	-	-	-	3,679
Other reserves of the parent company:					
- Unrestricted reserves	188,778	153,675	(1,322)	(2,217)	338,914
- Legal reserves	24,076	343	1,003	62,894	88,316
Total	1,119,910	154,018	(319)	60,677	1,334,286

	Balance as of 12.31.12	Distribution of 2012 profits	Capital increase	Other movements	Balance as of 12.31.13
Share premium	388,752	-	514,625	-	903,377
Revaluation reserve	3,679	-	-	-	3,679
Other reserves of the parent company:					
- Unrestricted reserves	219,426	70,390	(16,865)	(84,173)	188,778
- Legal reserves	16,549	6,365	1,162	-	24,076
Total	628,406	76,755	498,922	(84,173)	1,119,910

The amount corresponding to 'Other movements' for 2014 and 2013 is mainly part of operations carried out with treasury shares and the reclassification to equity of the fair value of the embedded derivative of the convertible note due in 2019 because in 2014, conversion option meets the definition of equity instruments (see Note 20.3).

The Legal Reserve is created in accordance with Article 274 the Spanish Corporate Law (Ley de Sociedades de Capital), which states that in all cases an amount of at least 10% of the earnings for the period will be allocated to this reserve until at least 20% of the share capital is achieved and maintained. The Legal Reserve may not be distributed and, if used to compensate losses in the event that there are no other reserves available to do so, it should be replenished from future profits.

On November 19, 2007, the company entered into a liquidity agreement on class A shares with Santander Investment Bolsa, S.V. Replacing this liquidity agreement, on January 8, 2013, the company entered into a liquidity agreement on class A shares with Santander Investment Bolsa, S.V. in compliance with the conditions set forth in CNMV Circular 3/2007 of December 19. On November 8, 2012, the company entered into a liquidity agreement on class B shares with Santander Investment Bolsa, S.V. in compliance with the conditions set forth in CNMV Circular 3/2007 of December 19.

As of December 31, 2014 treasury stock amounted to 41,624,265 shares (40,009,307 shares in 2013), which 5,550,532 are class A shares and 36,073,733 are class B shares.

Regarding the operations carried out during the year, the number of treasury stock purchased amounted to 14,237,018 class A shares and 169,126,263 class B shares and treasury stock transferred amounted to 14,069,382 class A shares and 167,678,941 class B shares, with a net result of €-2,217 thousand recognized in equity (€-89,612 thousand in 2013).

The proposed distribution of 2014 profits of the Parent Company:

Distribution	Balance as of 12.31.14
Legal reserve	-
Unrestricted reserves	104,705
Dividends	94,894
Total	199,599

The proposed distribution of 2014 profits involves the payment of €0.113 per share in 2015.

18.3. Other reserves

Other reserves include the impact of the valuation of derivative instruments and available for sale investments at the end of the year.

The following table shows the balances and movements of Other reserves by item for 2014 and 2013:

	Hedging reserves	Available-for-sale financial assets reserves	Total
Balance as of December 31, 2013	(163,769)	3,313	(160,456)
- Gains/ (losses) on fair value for the year	(197,605)	(1,440)	(199,045)
- Transfer to the Consolidated Income Statement	29,720	-	29,720
- Tax effect	42,266	(2,068)	40,198
Balance as of December 31, 2014	(289,388)	(195)	(289,583)

	Hedging reserves	Available-for-sale financial assets reserves	Total
Balance as of December 31, 2012	(282,600)	2,334	(280,266)
- Gains/ (losses) on fair value for the year	89,584	(616)	88,968
- Transfer to the Consolidated Income Statement	88,924	-	88,924
- Tax effect	(53,385)	1,595	(51,790)
- Transfers between other reserves and retained earnings	(6,292)	-	(6,292)
Balance as of December 31, 2013	(163,769)	3,313	(160,456)

For further information on hedging activities, see Note 14.

18.4. Accumulated currency translation differences

The amount of accumulated currency translation differences for fully and proportionally consolidated companies and associates at the end of 2014 and 2013 is as follows:

	Balance as of 12.31.14	Balance as of 12.31.13
Currency translation differences:		
- Fully and proportionally consolidated companies	(523,465)	(545,950)
- Associates	(5,866)	(36,885)
Total	(529,331)	(582,835)

The increase in the accumulated currency translation differences during 2014 is mainly due to the appreciation of the US Dollar with respect to the euro.

18.5. Retained earnings

The breakdown and movement of Retained earnings during the 2014 and 2013 fiscal years are as follows:

	Balance as of 12.31.13	Dist. of 2013 profit	2014 profit	Other movements	Balance as of 12.31.14
Reserves in full & proportionate consolidated entities	735,425	(87,410)	-	60,951	708,966
Reserves in equity method investments	15,508	(5,165)	-	(6,502)	3,841
Parent company dividends and reserves	-	194,020	-	(194,020)	-
Total reserves	750,933	101,445	-	(139,571)	712,807
Consolidated profits for the year	110,324	(110,324)	121,877	-	121,877
Profit attributable to non-controlling interest	(8,879)	8,879	3,415	-	3,415
Profit attributable to the parent company	101,445	(101,445)	125,292	-	125,292
Total retained earnings	852,378	-	125,292	(139,571)	838,099

	Balance as of 12.31.12	Dist. of 2012 profit	2013 profit	Other movements	Balance as of 12.31.13
Reserves in full & proportionate consolidated entities	772,943	(77,687)	-	40,169	735,425
Reserves in equity method investments	18,938	17,561	-	(20,991)	15,508
Parent company dividends and reserves	-	115,496	-	(115,496)	-
Total reserves	791,881	55,370	-	(96,318)	750,933
Consolidated profits for the year	94,020	(94,020)	110,324	-	110,324
Profit attributable to non-controlling interest	(38,650)	38,650	(8,879)	-	(8,879)
Profit attributable to the parent company	55,370	(55,370)	101,445	-	101,445
Total retained earnings	847,251	-	101,445	(96,318)	852,378

Amounts included under ‘Other movements’ mainly refer to the acquisition of various non-controlling interests, the effects of which is recorded in net equity as required by the revised IFRS 3, as well as, to the impact of stake in Abengoa Yield sold in 2014, corresponding to the difference between the net proceeds and the book value of the net assets transferred.

The Reserves in full and proportionate consolidated entities and equity method investments are as follows:

	Balance as of 12.31.14		Balance as of 12.31.13	
Business unit	F.C/P.C	E.M.	F.C/P.C	E.M.
Engineering and construction	852,870	2,412	727,792	9,164
Concession-type infraestructure	161,039	1,429	173,800	6,976
Industrial production	(304,943)	-	(166,167)	(632)
Total	708,966	3,841	735,425	15,508

18.6. Non-controlling interest

Non-controlling interest increased during 2014, mainly due to the initial public offering Abengoa Yield's ordinary shares, which was closed on June 18, 2014 (see Note 6.2), as well as capital increases carried out in certain Brazilian subsidiaries with non-controlling interest.

Note 19.- Project debt

As indicated in Note 2.2 of this report, the Consolidation Group includes interests in various companies that, in general, have been created to develop an integrated product that consists of designing, constructing, financing, operating and maintaining a specific infrastructure (usually a large-scale asset such as a power transmission line). These may be owned outright or under a concession arrangement for a specific period of time and they are financed with non-recourse project financing (project finance).

Project finance (non-recourse financing) is generally used as a means of constructing an asset, using the assets and cash flows of the company (or group of companies) that will perform the activity associated with the project being financed as collateral. In most cases the assets and/or contracts are used as a guarantee against repayment of the financing.

Compared to corporate financing, the project finance has certain key benefits, which include a longer borrowing period (due to the profile of the cash flows generated by the project) and a clearly defined risk profile.

Despite having a commitment from a financial institution during the awarding phase of the project and since the financing is usually completed in the latter stages of a construction project –mainly because these projects require a significant amount of technical and legal documentation to be prepared and delivered that is specific to the project (licenses, authorizations, etc.) –bridge loan (Non-recourse finance in process) needs to be available at the start of the construction period in order to begin construction activities as soon as possible and to be able to meet the deadlines specified in the concession agreements (see Note 19.2).

Obtaining this financing is considered as a temporary funding transaction and is equivalent to the advances that clients traditionally make during the different execution phases of a construction project or works.

Bridge loan has specific characteristics compared to traditional advances from clients. For example the funds are usually advanced by a financial institution (usually for terms of less than 2-3 years), although there are similarities in the implicit risk that mainly relates to the capacity of the company that is going to own the project to construct it correctly in time and form.

The specific funding requirements that usually accompany bridge financing agreements include the following:

› The funds that are drawn down as the project is executed can only be used for developing the project to construct the asset, and

› The obligation to use the project finance to repay the bridge loan.

This means that conversion of the bridge loan in a long-term project finance arrangement has a very high degree of security from the start of the project because there is a comfort letter or support from the institutions that are going to participate in the long-term financing. As we recently pointed out to our shareholders and investors, Abengoa has managed to substitute this bridge loan with the project finance in all of the projects (more than 110 during the company's history) that it has developed. This enables it to offer a high degree of certainty and confidence regarding the financing of these projects, and to our minority shareholders involved in them (when they exist), as well as to the institutions that have committed the project finance.

In terms of guarantees, both the bridge loan and the project finance have the same technical guarantees from the contractor in relation to price, deadlines and performance.

The difference is that the bridge loan also has corporate guarantee from the project's sponsor in order to cover the possibility of a delay in the financial closing of project finance.

Both guarantees (contractor and sponsor) are intended to underwrite the future cash flows from the project in the event that technical risks give rise to variations in them (failure to comply with the construction schedule or with the deadlines for finalizing the project finance).

This latter risk is particularly remote since there is a very high degree of security from the start with regards to conversion of the bridge loan into the project finance, as we have said.

Therefore the bridge loan and the project finance are –from a contractual perspective– independent loan transactions, although they are linked in terms of their overall aim (for example, with the exception of the aforementioned guarantees, both share the same risks; their sole purpose is for financing projects; they are generally repaid with funds from the project itself; and they are separate from the company's other cash

sources) and commercially (the financial institution itself has an interest in favorably resolving the continuity of both transactions). These two types of financing are therefore considered to be similar in terms of managing the company's business.

Consequently, the internal criteria for classifying a financial liability in the Consolidated Statement of Financial Position as project debt is based on the characteristics and use of that financing and not on the guarantees provided, since the security and predictability of the substitution process (based on past guarantees) means that this guarantee is more theoretical or hypothetical with regards to its use (such a guarantee has never been used by the nominal beneficiaries).

In relation to the return on the project, it has always been more beneficial to obtain bridge loan via the special purpose entity responsible for operating and maintaining the asset to be constructed. However, during the last year the cheaper cost of financing obtained at a corporate level has enabled projects to be financed centrally, generating important competitive advantages as well as reducing start times for project construction. Consequently, a total of €1,058,880 thousand in financing was issued in 2014 with a corporate guarantee, structured in a similar way to the bridge loans used previously in terms of their purpose (project financing) and repayment (from project cash flows). This financing is therefore also considered to be similar to the project finance in terms of managing the business and the company's risk and it is therefore classified under the same heading.

The details of project debt applied to projects, for both non-current and current liabilities, as at December 31, 2014 and 2013 is as follows:

Project debt	Balance as of 12.31.14	Balance as of 12.31.13
Project finance (Non-recourse project financing)	3,011,702	5,744,413
Project bridge loan (Non-recourse project financing in process)	1,946,412	576,537
Total project debt	4,958,114	6,320,950
Non current	4,158,904	5,736,151
Current	799,210	584,799

19.1. The balances and movements for 2014 of project debt are set out in the table below:

	Project debt - long term	Project debt - short term	Total
Balance as of 12.31.13	5,736,151	584,799	6,320,950
Increases	1,871,770	860,813	2,732,583
Decreases (reimbursement)	(185,809)	(921,401)	(1,107,210)
Currency translation differences	60,198	15,430	75,628
Changes in consolidation and reclassifications	(286,272)	324,780	38,508
Transfer to liabilites held for sale	(3,037,134)	(65,211)	(3,102,345)
Balance as of 12.31.14	4,158,904	799,210	4,958,114

During the nine month period ended September 30, 2014 project debt increased due to the bridge loan issued on September, 2014 (€500 million), the new bridge loan obtained by Abengoa Greenbridge through the Tranche B of the syndicated refinancing amounting to €700 million (see note 20) to the ordinary notes issurance and the credit facility signed by Abengoa Yield (€285 million), the new bridge loan obtained for the Zapotillo aqueduct project in Mexico (€262 million), the new bridge loan obtained for the Solar project in Chile (€238 million), the new bridge loan obtained for the cogeneration project in Mexico (€137 million), the new project finance for the Bioethanol project in Brazil (€129 million), the new project finance for smaller amounts for desalination, solar, bioenergy and transmission line projects (€482 million), and to a lesser extend to the incorporation of the debt Hugoton project (€39 million) and due to the exchange differences mainly as a result of the US dollar and Brazilian real appreciation against the euro (€76 million). Most significant decreases are the classification as liabilities held for sale of project finance or bridge loans corresponding to companies classified as held for sale (€-3,102 million). The repayment of the Solana project finance (€-324 million), the repayment of the bridge loan of the Bioethanol project in Brazil (€-167 million), the repayment of bridge loan of certain transmission line projects in Brazil (€-316 million), the repayment of the bridge loan of the cogeneration project in Mexico (€-137 million) and the repayment of project finance for smaller amounst for various projects (€-163 million).

Ordinary notes Greenfield, S.A.

With respect to the non-recourse debt in process (bridge loan) related to the issuance of ordinary notes, note that on September 30, 2014 Abengoa Greenfield, S.A., subsidiary of Abengoa, S.A., completed the placement to qualified institutional investors of an ordinary note ('Green Bonds') for a nominal value equivalent to €500 million and with the following terms and conditions:

a) The placement was for a nominal amount equivalent to €500 million, split into two tranches, one for €265 million and a second tranche for USD 300 million, and maturing in 5 years.

b) The notes accrue a fixed interest, payable every six months, with a rate of 5.5% for the Euro tranche and 6.5% for the U.S. dollar tranche.

c) The notes are jointly guaranteed by certain group subsidiaries and have the same guarantees than ordinary notes issued by Abengoa Finance S.A.U. and described in Note 20.3.

d) The proceeds will be used to finance in whole or in part the development of renewable projects until the moment when long term third party project financing is obtained.

e) The proceeds do not apply to project finance as mentioned in the previous point should be classified in cash or other liquid financial instruments.

Ordinary notes Abengoa Yield Plc

With respect to the project debt related to the ordinary notes issuance, note that on November 17, 2014 our subsidiary Abengoa Yield Plc. issued Ordinary Notes to qualified and institutional investors for an amount of USD 255 million and maturing in 2019 and an interest rate of 7% payable every six months. The offer is guaranteed by Abengoa Yield and some of its subsidiaries.

Abengoa Yield used the proceeds for the acquisition of three assets from Abengoa, S.A. for an amount of USD 312 million: the solar concentration plants Solacor 1 and Solacor 2 and PS10 and PS20 located in Spain with the combined capacity of 131 MW and the wind from Cadonal located in Uruguay and with the capacity of 50 MW. At the end of 2014, Abengoa Yield is classified as discontinued operation in accordance with the requirements of IFRS 5 (see Note 7) and the Company has reclassified this debt to the heading liabilities held for sale within the Consolidated Statements of Financial Position.

Credit Facility Abengoa Yield, Plc

With respect to the project debt related to Abengoa Yield's credit facility, on December 4, 2014 Abengoa Yield entered into a credit facility which consists of a four year bullet facility in the amount of USD 125 million. It was signed with a syndicate of five banks comprised by HSBC, Bank of America Merrill Lynch, Citi, RBC and Santander. It bears interest at Libor + 275 basis points. The Credit Facility is guaranteed by Abengoa Yield and some of its subsidiaries. At the end of 2014, Abengoa Yield is classified as discontinued operations in accordance with the requirements of IFRS 5 (see Note 7) and the Company has reclassified this debt to the heading liabilities held for sale within the Consolidated statements of financial position.

The balances and movements for 2013 of project debt are set out in the table below:

	Project debt - long term	Project debt - short term	Total
Balance as of 12.31.12	4,678,993	577,779	5,256,772
Increases	1,666,324	164,506	1,830,830
Decreases (reimbursement)	(477,684)	(476,417)	(954,101)
Currency translation differences	(285,264)	(63,015)	(348,279)
Changes in consolidation and reclassifications	153,782	381,946	535,728
Balance as of 12.31.13	5,736,151	584,799	6,320,950

The increase in 2013 was mainly due to the consolidation of Arizona Solar One (see Note 6.4) by € 809 million and to new drawnings related to transmission lines projects (€ 605 million). In addition, the Company obtained new financing for the cogeneration plant in Tabasco, Mexico (€566 million). There were also new drawnings for thermo-solar projects (€ 366 million), mainly Solaben 1 and 6 (€ 200 million).

Additionally, the Company repaid (€-377 million) corresponding to the existing debt of the cogeneration plant in Tabasco, Mexico, which was replaced by a new financing as referred to above. Furthermore, there were repayments of debt related to thermo-solar projects (- € 175 million) and transmission lines (- € 122 million). Project debt also decreased due to the sale of Befesa (- €369 million), to the classification of Qingdao as held for sale (- € 106 million) and to translation differences (- €348 million) mainly caused by the depreciation of Brazilian real with respect to the euro.

Project finance entered into in 2014 (in million of Euros) is as follows:

Project	Year	Country	Amount committed	Amount drawn
Société d'Eau Déssalée d'Agadir (SEDA)	2014	Marruecos	63	-
Concesionaria del Acueducto el Zapotillo, S.A. de C.V.	2014	Mexico	131	-
Total year 2014			194	

19.2. The table below lists projects with bridge loan in progress (bridge loan) as of December 31, 2014 (amount in thousands of Euros):

	LAT Brasil (1)	Hospital Manaus	Acueducto Zapotillo	Abent T3	ACC4T	CSP Atacama I	CSP Atacama II	PV Atacama I	San Antonio Water	Total
Construction start date	Mar-13 / Ago-14	Apr-13	Oct-11	Sep-13	Sep-14	Apr-14	Dec-14	Dec-14	Dec-14	-
Estimated end date	Feb-16 / Jul-18	Aug-15	Sep-17	Jan-17	Jan-18	Feb-17	Oct-17	Apr-16	Oct-19	-
Estimated amount of the contract (EPC)	2,390,209	146,557	459,834	936,448	541,614	1,079,661	721,501	199,951	529,600	7,005,375
Bridge loan start date	Mar-13/Sep-14	Dec-13	Aug-14	Sep-14	Dec-14	Aug-14	Dec-14	Dec-14	Dec-14	-
Bridge loan maturity date	Jul-15/Sep-19 (2)	Abr-15	Feb-15	Sep-19 (2)	Dec-19	Oct-17	Dec-19	Jul-19 (2)	Jul-19 (2)	-
Anticipated LT financing start date	Jul-15/Sep-17	Abr-15	Feb-15	Sep-15/Sep-19	Sep-15	Sep-15	Dec-15	Sep-15	May-16	-
LT financing duration	Up to 15,5 years	Up to 12 years	Up to 20 years	Up to 18 years	Up to 18 years	Up to 18 years	Up to 19 years	Up to 20 years	Up to 30 years	-
LT financing expected amount committed	1,485,632	103,218	400,737	682,959	502,967	755,780	629,030	190,027	627,065	4,813,125
Bridge loan amount drawn (3)	1,047,434	34,866	262,091	250,000	64,000	160,621	27,400	50,000	50,000	1,946,412
Guarantee type (4)	Contractor and Sponsor / Corporate	Contractor and Sponsor	Contractor and Sponsor	Contractor and Sponsor / Corporate	Corporate	Contractor and Sponsor / Corporate	Corporate	Contractor and Sponsor / Corporate	Corporate	-

(1) Includes the transmission line projects in Brazil relating to ATE XVI Transmissora de Energía, S.A. (Miracema), ATE XVII Transmissora de Energía, S.A. (Milagres), ATE XVIII Transmissora de Energía, S.A. (Estreito), ATE XIX Transmissora de Energía, S.A. (Luiz Gonzaga), ATE XX Transmissora de Energía, S.A. (Teresina), ATE XXI Transmissora de Energía, S.A. (Parauapebas), ATE XXII Transmissora de Energía, S.A., ATE XXIII Transmissora de Energía, S.A. and ATE XXIV Transmissora de Energía, S.A.

(2) Once the long-term funding associated with the projects has been obtained, the issuer will use the funds from the Green Bond to finance other Green Projects, selected according to the "Use of Funds" requirements specified in the Offering Memorandum. Additionally, for funds tranch B (see Note 20), after long-term funds obtained can be allocated to developing new projects after fulfilling the requirements specified in the financing agreement.

(3) Excludes amounts withdrawn from the bridge loans, which have been issued by the projects with Contractor and Sponsor guarantee, amounting to €252,783 thousands and which have been transferred to liabilities held for sale (see Note 7).

(4) The guarantee references "Contractor and sponsor" refer to corporate guarantees related to the bridge financing of the projects. The references to "Corporate" guarantees refer to corporate guarantees mainly related to the Green Bonds. These guarantees cover all of the indicated bridge financing.

19.3. Within the assets on the Consolidated Statement of Financial Position and under the Cash and Cash equivalent and Financial Receivables headings, there are debt service reserve accounts in the amount of €94 million relating to project finance in 2014 (€156 million in 2013).

19.4. Appendix IX of this consolidated report details the Project companies as of the end of 2014 which are financed by project debt.

19.5. The repayment schedule for project debt, at the end of 2014 is as follows and is consistent the projected cash flows of the related projects:

2015	2016	2017	2018	2019	Subsequents years
799,210	669,407	225,971	851,524	724,341	1,687,661

Included within the amounts repayable there are balances relating to operations financed through bridge loans which will be repaid upon the project finance.

19.6. Current and non-current loans with credit entities include amounts in foreign currencies for the total of €2,436,633 thousand (€3,958,597 thousand in 2013).

The equivalent in Euros of the most significant foreign-currency-denominated debts held by the Group is as follows:

	12.31.14		12.31.13	
Currency	Non-domestic companies	Domestic companies	Non-domestic companies	Domestic companies
Dinar (Algeria)	345,351	-	390,089	-
Dollar (USA)	664,707	356,738	2,111,663	67,875
Peso (Chile)	-	-	4,767	-
Real (Brazil)	1,069,837	-	1,384,203	-
Total	2,079,895	356,738	3,890,722	67,875

19.7. The balance of interest payable is €15,518 thousand as of December 31, 2014 (€46,717 thousand as of December 31, 2013) and is included under current 'Project debt'.

Note 20.- Corporate financing

As indicated in Note 4, corporate financing is used to finance the activities of the remaining companies which are not financed under project debt and is guaranteed by Abengoa, S.A. and, in some cases, jointly guaranteed by certain group subsidiaries.

20.1. The breakdown of the corporate financing as of December 31, 2014 and 2013 is as follows:

Non-current	Balance as of 12.31.14	Balance as of 12.31.13
Credit facilities with financial entities	871,613	1,959,339
Notes and bonds	2,755,993	2,638,083
Finance lease liabilities	24,064	27,093
Other loans and borrowings	97,029	110,630
Total non-current	3,748,699	4,735,145

Current	Balance as of 12.31.14	Balance as of 12.31.13
Credit facilities with financial entities	444,386	636,733
Notes and bonds	1,096,965	256,443
Finance lease liabilities	10,927	12,945
Other loans and borrowings	24,373	13,143
Total current	1,576,651	919,264
Total corporate financing	5,325,350	5,654,409

20.2. Credit facilities with financial entities

a) The amount of current and non-current credit facilities with financial entities as of December 31, 2014 includes debts denominated in foreign currencies in the amount of €356,324 thousand (€278,511 thousand in 2013).

The most significant amounts of debt in foreign currencies with financial entities are as follows:

	12.31.14		12.31.13	
Currency	Non-domestic companies	Domestic companies	Non-domestic companies	Domestic companies
Dollar (USA)	173,796	145,537	104,602	112,609
Peso (Argentina)	3	-	-	-
Peso (Chile)	978	-	-	-
Peso (Colombia)	2,537	-	-	-
Peso (Mexico)	12,964	-	15,642	-
Real (Brazil)	6,356	-	178	-
Rand (South Africa)	-	-	34,509	-
Rupee (Indian)	13,859	-	9,640	-
Sol (Peru)	-	-	793	-
Yuan (China)	294	-	538	-
Total	210,787	145,537	165,902	112,609

b) The following table shows a list of credit facilities with financial entities:

Loan details	Year granted	Granted amount	Outstanding	Expiry
Syndicated loan	2014	700,000	180,214	jul-19
ICO financing	2007	151,389	36,189	jul-15
Instalaciones Inabensa SA financing	2010-2013	440,296	304,032	2014-2020
Abener Energia SA financing	2010-2013	496,572	344,415	2014-2024
Remaining loans	Varios	463,360	451,149	Varios
Total		2,251,617	1,315,999	

With the aim of minimizing the volatility in interest rates of financial operations, specific contracts are signed to hedge the possible variations that may occur (See Note 14).

The long-term syndicated financing loan was signed for the purposes of financing investments and general financing requirements of Abengoa, S.A. and all the companies of the group without project debt.

On September 30, 2014 Abengoa, S.A. closed the previous syndicated loan upon a long term revolving financing signed for an amount of approximately €1,400 million and maturing in the end of 2019 split in two tranches:

› Tranch A, of corporate financing for an amount of €700 million, to extend the maturity of the existing syndicated loan, and

- Tranch B, of bridge loan (non-recourse financing in process) for an amount of €700 million to fund the promotion, development and construction of concession projects until obtaining long term financing related to these projects (see Note 19).

Both tranches are guaranteed by Abengoa, S.A. and jointly by certain Group subsidiaries.

The new financing extends the maturity of the existing debt to more than four years and reduces the financial cost (with the possibility of further improvements in case of a company rating increase by the agencies). The interest until the end of the year will be approximately 3.01%.

In addition, the loan with the Official Credit Institute (ICO) is aimed at financing specific investment programs, more notably overseas programs.

Furthermore, some subsidiaries of Abengoa S.A. undersigned long-term loans with various entities with the support of various Export Credit Agencies, including two financing agreements signed with a group of financing entities backed by an EKN (Swedish Export Credit Agency) guarantee to finance industrial machinery in various projects:

To ensure that the Company has sufficient funds to repay the debt with respect to its capacity to generate cash flow, Abengoa has to comply with a Corporate Net Debt Corporate/EBITDA financial ratio with the financial institutions.

According to the financing agreements, the maximum limit of this ratio was 3.0 for the years 2012, 2013 and until December 30, 2014 and 2.5 starting December 31, 2014. As of December 31, 2014 and 2013, Corporate Net Debt/EBITDA financial ratio was 2.11 and 1.69 respectively, according to the conditions of the financing agreements.

c) As of December 31, 2014 the debt repayment calendar was as set out in the following table:

	2015	2016	2017	2018	2019	Subsequent years	Total
Syndicated loan (*)	-	-	-	-	180,214	-	180,214
ICO financing	36,189	-	-	-	-	-	36,189
Instalaciones Inabensa SA financing	68,887	64,719	66,574	51,777	45,819	6,256	304,032
Abener Energia SA financing	104,665	60,645	37,838	50,787	29,578	60,902	344,415
Remaining loans	234,645	40,174	43,556	19,831	46,497	66,446	451,149
Total	444,386	165,538	147,968	122,395	302,108	133,604	1,315,999

(*) In case the whole facility is withdrawn, €480 million will mature in 2018 and €220 million in 2019.

The exposure of the Group to movements in interest rates and the dates at which prices are revised is specified in Note 4 on the management of financial risks. Corporate financing is mainly based in variable interest rates, as such its fair value is close to its book value. The fair value is based on discounted cash flows, applying a discount rate being that of the third-party loan.

d) The balance of interest payable is €8,833 thousand as of December 31, 2014 (€39,664 thousand in 2013) and is included under 'Short-term borrowings'.

e) Real estate pledged against mortgages corporate financing as of December 31, 2014 is not significant.

f) The average interest rates associated with the debt facilities reflect normal levels in each of the regions and areas in which the facility was agreed upon.

g) The average cost of total financing during 2014 was 7.1%.

20.3. Notes and bonds

The table below shows the maturities of the existing notes as of December 31, 2014:

	2015	2016	2017	2018	2019	2020	2021
Convertible notes Abengoa	244,400	-	5,600	-	400,000	-	-
Ordinary notes Abengoa	300,000	500,000	534,847	550,000	-	370,279	500,000
Commercial paper Abengoa Mexico	43,502	-	-	-	-	-	-
Euro-Commercial Paper Programme (ECP) (*)	464,141	-	-	-	-	-	-
Total	1,052,043	500,000	540,447	550,000	400,000	370,279	500,000

(*) With possibility of renewal

Convertible notes 2014

On July 24, 2009, Abengoa, S.A. issued Convertible Notes, convertible into ordinary shares, to qualified investors and institutions in Europe for the amount of €200 million. On January 17, 2013, Abengoa, S.A. repurchased a nominal amount of €99.9 for a purchase price of €108.8 million. The terms and conditions of the issuance were currently as follows:

a) The nominal amount of the notes was one hundred million and one hundred thousand Euros (€100.1 million) with maturity set at 5 years.

b) The Notes accrued a fixed annual interest of 6.875% payable semiannually.

c) The 2014 Convertible Notes were convertible into fully paid class A shares or class B shares of Abengoa, subject to certain liquidity conditions, credited in the number determined by dividing the aggregate nominal amount of the Notes by the applicable conversion price. The conversion price was initially set at €21.12 per ordinary share of Abengoa and was adjusted to €20.84 per share in July 2012 following a dividend payment (€0.35 per share) in excess of the dividend threshold permitted without adjustment in the

conversion price (€0.21 per share). In October 2012, the conversion price was adjusted to €4.17 per share of Abengoa due to the distribution of class B shares as approved by the Extraordinary General Shareholders' Meeting held on September 30, 2012. Additionally, the conversion price was adjusted to €3.81 per share of Abengoa as a result of the Capital Increase completed on October 29, 2013.

d) Pursuant to the Terms and Conditions, in the event that investors decided to exercise their right of conversion, the Company might decide to settle the issuance entirely in shares, in cash or in a combination of shares and cash.

e) The notes were jointly guaranteed by certain group subsidiaries.

As described in Note 2.18.1 Significant accounting policies, in accordance with IAS 32 and 39 and the Terms and Conditions of the issuance, since Abengoa has a contractual right to choose the type of settlement and one of these possibilities is paying through a variable number of shares and cash, the conversion option qualifies as an embedded derivative. Thus, the convertible bonds are considered a hybrid instrument, which includes a component of debt and an embedded derivative for the conversion option held by the bondholder. This happens with 2014 and 2017 convertible bonds.

On July 24, 2014, the convertible bonds matured, being cancelled in cash, according to its terms and conditions. The carrying value amount of the liability component of this note at December 31, 2013 amounted to 96,183 thousand.

At December 31, 2013, the fair value of the derivative liability embedded in the convertible bond was €984 thousand. The income recognized in 'Other net finance income/expense' in the Consolidated Income Statement for the year ended December 31, 2014 was €984 thousand (an income of €9,672 thousand in 2013) due to changes in fair value until its settlement date, see Note 30.3.

The key data for the valuation model was the share price, the estimated profitability of the dividend, an envisaged option maturity life, an interest rate and underlying volatility as set out in the table below:

	12.31.2013
'Spot Abengoa ' Price (Euros)	2.18
'Strike ' Price (Euros)	3.81
Maturity	07/24/2014
Volatility	40%
Number of shares	26,272,966

Furthermore, in order to partially hedge the derivatives embedded in the notes convertible, during the years 2011 and 2010 the Company purchased two call options over 7,000,000 Abengoa's own shares with a strike price of €21.125 per share, maturing on July 24, 2014 (over 35,000,000 Abengoa's shares with a strike price of €4.22 after the distribution of class B. shares approved by the Extraordinary General Meeting held on September 30, 2012).

The fair value of such call options as of December 31, 2013 was €419 thousand. The expense recognized in 'Other net finance income/expense' in the Consolidated Income Statement for the year ended December 31, 2014 was €419 thousand (an expense of €4,295 thousand in 2013), due to change in fair value until its liquidation, see Note 30.3.

The key data for the valuation model included the share price, the estimated profitability of the dividend, the envisaged life of maturity, an interest rate and underlying volatility as set forth in the table below:

	12.31.2013
'Spot Abengoa ' Price (Euros)	2.18
'Strike ' Price (Euros)	4.22
Maturity	07/24/2014
Volatility	47%
Number of shares	35,000,000

Convertible notes 2017

On February 3, 2010, Abengoa, S.A. issued Convertible Notes, convertible into ordinary shares, to qualified investors and institutions for the amount of €250 million. The terms and conditions of the issuance are currently as follows:

a) The Notes were issued for two hundred million Euros (€250 million) with maturity set at 7 years.

b) The Notes accrue a fixed annual interest of 4.5% payable semiannually.

c) The 2017 Convertible Notes are convertible into fully paid class A shares or class B shares of Abengoa, subject to certain liquidity conditions, credited in the number determined by dividing the aggregate nominal amount of the Notes by the applicable conversion price. The conversion price was initially set at €30.27 per ordinary share of Abengoa and was adjusted to €29.87 per share in July 2012 following a dividend payment (€0.35 per share) in excess of the dividend threshold permitted without adjustment in the conversion price (€0.21 per share). In October 2012, the conversion price was adjusted to €5.97 per share of Abengoa due to the distribution of class B shares as approved by the Extraordinary General Shareholders' Meeting held on September 30, 2012. Additionally, the conversion price was adjusted to €5.45 per share of Abengoa as a result of the Capital Increase completed on October 29, 2013 and in April 2014, the conversion price was again adjusted to €5.35 per chare of Abengoa following a dividend payment in excess or the dividen threshold permitted without adjunstment in the conversion price.

d) On February 3, 2015, holders of the 2017 Convertible Notes had the right to require Abengoa to redeem the 2017 Convertible Notes at the principal amount together with accrued and unpaid interest to such date.

On February 3, 2015, certain bondholders exercised the conversion option amounting to €244,400 thousand, corresponding to principal plus interest accrued and unpaid to date. The remaining bondholders, amounting to €5,600 thousand, preferred not to exercise its option and wait until the maturity in 2017.

e) Pursuant to the Terms and Conditions, in the event that investors decide to exercise their right of conversion, the Company may decide to settle the issuance entirely in shares, in cash or in a combination of shares and cash.

f) The notes are jointly guaranteed by certain group subsidiaries.

The carrying value amount of the liability component of this bond at December 31, 2014 amounted to €216,768 thousand (€203,422 thousand at December 31, 2013).

Additionally, at December 31, 2014, the fair value of the derivative liability embedded in the convertible bond is €4,021 thousand, while its fair value as of December 31, 2013 amounted to €2,887 thousand. The decrease in fair value has been recorded as an expense amounting to €1,134 thousand in 'Other net finance income/expense' in the Consolidated Income Statement for the year ended December 31, 2014 (an income of €36,419 thousand in 2013), see Note 30.3.

The key data for the valuation model included the share price, the estimated profitability of the dividend, an envisaged option maturity life, an interest rate and underlying volatility as set forth in the table below:

	12.31.2014	12.31.2013
'Spot Abengoa ' Price (Euros)	1.83	2.18
'Strike ' Price (Euros)	5.35	5.45
Maturity	03/02/2017	02/03/2017
Volatility	56%	39%
Number of shares	46,728,972	45,871,560

Furthermore, in order to partially hedge the derivatives embedded in the notes convertible, during the years 2011 and 2010 the Company purchased two call options over 7,100,000 Abengoa's own shares with a strike price of €30.27 per share, maturing on February 3, 2017 (over 35,500,000 Abengoa's own shares with a strike price of €6.05 after the distribution of class B shares approved by the Extraordinary General Meeting held on September 30, 2012).

These options hedge around 76% of the notes in the event of conversion.

The fair value of the options at December 31, 2013, calculated using the Black-Scholes model, was €2,322 thousand, while the fair value was €750 thousand at December 31, 2014. The decrease in fair value has been recorded as a finance expense amounting to €1,572 thousand recorded in 'Other net finance income/expense' in the Consolidated Income Statement (an expense of €1,743 thousand in 2013), see Note 30.3. As of December 31, 2014 the listed price of these bonds was 99,38%.

The key data for the valuation model included the share price, the estimated profitability of the dividend an envisaged option maturity life, an interest rate and underlying volatility as set forth in the table below:

	12.31.2014	12.31.2013
'Spot Abengoa ' Price (Euros)	1.83	2.18
'Strike ' Price (Euros)	6.05	6.05
Maturity	03/02/2017	02/03/2017
Volatility	43%	43%
Number of shares	35,500,000	35,500,000

Convertible notes 2019

On January 17, 2013, Abengoa, S.A. issued €400 million aggregate principal amount among qualified and institutional investors of convertible notes due 2019 (the '2019 Convertible Notes'). The notes are convertible into class B shares. In summary, the final terms and conditions of the issuance are as follows:

a) The Notes were issued for four hundred million Euros (€400 million) with maturity set at 6 years.

b) The Notes accrue a fixed annual interest of 6.25% payable semiannually.

c) The Notes are convertible, at the option of noteholders into fully paid class B shares.

d) In the event that investors decide to exercise their right of conversion, the Company may decide to repay the notes in shares, cash or a combination of cash and shares.

e) The 2019 Convertible Notes are convertible into class B shares of the Parent Guarantor credited in the number determined by dividing the aggregate nominal amount of the Notes by the applicable conversion price. The initial conversion price is €3.27 for each class B share of the Company. The conversion price has been adjusted to €3.04 per share of Abengoa as a result of the Capital Increase completed on October 29, 2013 and in April 2014, the conversion price was again adjusted to €2.98 per share of Abengoa following a dividend payment in excess of the dividend threshold permitted without adjustment in the conversion price.

f) The notes are jointly guaranteed by certain group subsidiaries.

At the beginning of 2014, the Board of Directors expressly and irrevocably stated, with binding effect, that in relation to the right conferred by Clause 6 (j) (Settlement in cash) of the Terms and Conditions of this

convertible bond, which grants Abengoa the right to choose the type of payment, the Company shall not exercise the cash settlement option in the event that bondholders decide to exercise their conversion right early during the period granted for that effect and Abengoa, S.A. shall therefore only settle this conversion right in shares. Accordingly, the fair value at the beginning of the year of the derivative liability embedded in the convertible bond, which totaled €62,894 thousand, was reclassified as equity since after that date the conversion option meets the definition of an equity instrument.

The carrying value of the liability component of the notes at December 31, 2014 amounts to €323,209 thousand (€309,249 thousand in 2013).

Ordinary notes Abengoa 2015

On December 1, 2009, Abengoa S.A. issued ordinary Notes for the amount of €300 million. In summary, the final terms and conditions of the issuance are as follows:

a) The Notes were issued for three hundred million Euros (€300 million) with maturity set at 5 years.

b) These Notes will accrue a fixed annual interest of 9.625% payable semiannually.

c) These Notes are jointly guaranteed by some subsidiaries of the group.

As of December 31, 2014 the listed price of these bonds was 100.44%.

Ordinary notes Abengoa 2016

On March 31, 2010, Abengoa S.A. issued ordinary Notes to qualified investors and institutions in Europe for the amount of €500 million. In summary, the final terms and conditions of the issuance are as follows:

a) The Notes were issued for five hundred million Euros (€500 million) with maturity set at 6 years.

b) The fixed annual payable twice-yearly interest on the Notes is 8.50% annually.

c) The Notes are guaranteed jointly by certain subsidiaries of the group.

As of December 31, 2014 the listed price of these bonds was 100.00%.

Ordinary notes Abengoa 2017

On October 19, 2010, Abengoa Finance, S.A.U., a subsidiary of Abengoa, S.A., issued an ordinary bonds for USD 650 million among qualified and institutional investors in accordance with Rule 144A of the Securities Act of 1933 and subsequent amendments thereto. In summary, the terms and conditions of the issue that were established definitively are:

a) The Notes issue is for an amount of six hundred and fifty million United States dollars (USD 650 million) and matures at 7 years.

b) The Notes will accrue fixed annual interest of 8.875%, payable every six months.

c) The Notes are jointly and severally guaranteed by Abengoa, S.A. and certain group subsidiaries.

As of December 31, 2014 the listed price of these bonds was 96.88%.

Ordinary notes Abengoa 2018

On February 5, 2013, Abengoa Finance, S.A.U., a subsidiary of Abengoa, S.A., issued Ordinary Notes to qualified and institutional investors for €250 million. On October 3, 2013, Abengoa Finance, S.A.U. issued €250 million of additional and fungible notes, at a price of 100.25%, which is equivalent to a yield of 8.799%. Furthermore, on November 5, 2013, Abengoa Finance, S.A.U. issued €50 million of additional and fungible notes, at a price of 105.25%, which is equivalent to a yield of 7.408%. The terms and conditions of the issuance are as follows:

a) The aggregate nominal amount of the Notes is five hundred and fifty million Euros (€550 million) with maturity set at 5 years.

b) The Notes accrue a fixed annual interest of 8.875% payable semiannually.

c) The Notes are jointly guaranteed by Abengoa, S.A. and certain subsidiaries of the group.

As of December 31, 2014 the listed price of these bonds was 95.88%.

Ordinary notes Abengoa 2020

On December 13, 2013, Abengoa Finance, S.A. Unipersonal, a subsidiary of Abengoa, S.A., issued an ordinary bond for USD 450 million among qualified and institutional investors. In summary, the terms and conditions of the issuance are:

a) The Notes was issued for an amount of USD 450 million and matures in 6 years.

b) The Notes accrue fixed annual interest of 7.75%, payable every six months.

c) The Notes are jointly guaranteed by Abengoa, S.A. and certain group subsidiaries.

As of December 31, 2014 the listed price of these bonds was 89.25%.

Ordinary notes Abengoa 2021

On March 27, 2014, Abengoa Finance, S.A.U., a subsidiary of Abengoa, S.A., issued an ordinary bond for €500 million among qualified and institutional investors. In summary, the terms and conditions of the issue that were established definitively are:

a) The Notes was issued for an amount of €500 million and matures in 7 years.

b) The Notes will accrue fixed annual interest of 6.00%, payable every six months, on March 15 and September 15.

c) The Notes are jointly and severally guaranteed by Abengoa, S.A. and certain group subsidiaries.

As of December 31, 2014 the listed price of these bonds was 85.69%.

Euro-Commercial Paper Programme

On January 29, 2013, Abengoa, S.A. carried out a Euro Commercial Paper (ECP) program for a maximum of €500 million with one-year maturity. Through this program, the company was able to issue notes between one and twelve months maturity, diversifying its financing options in the capital markets.

On June 10, 2014, the maximum amount of the program was increased to €750 million.

On December 22, 2014, the program was renewed for one more year and for the same amount. At the end of 2014, the program had a balance of €464,141 thousand.

Commercial Paper Abengoa México

On June 30, 2014 Abengoa Mexico S.A.de C.V. signed the short-term revolving exchange traded certificate program for an amount up to 3,000 million Mexican pesos equivalent to €43,502 million as of December 31, 2014).

The certificates will accrue a variable interest rate calculated based in the Tasa de interés interbancaria de equilibrio ('TIIE') plus a margin to be determined in the moment of each use.

20.4. The balance of interest payable related to notes and bonds is €77,628 thousand as of December 31, 2014 (€55,349 thousand as of December 31, 2013) and is included under current 'Bonds and Notes'.

20.5. Finance lease liabilities

Finance lease creditors as of the end of 2014 and 2013 were::

Finance lease	Balance as of 12.31.14	Balance as of 12.31.13
Present values of future payments for finance lease	34,991	40,038
Liabilities: minimum payments for finance lease:		
Less than 1 year	11,879	15,031
From 1 to 5 years	19,439	22,339
More than 5 years	7,108	8,139
Net book value:		
Technical installations and machinery	27,865	24,997
Information processing equipment	3,045	2,515
Other tangible assets	17,705	22,606

20.6. Other loans and borrowings

The following table sets out the movement of Other loans and borrowings at the 2014 and 2013 year end:

	Balance as of 12.31.14	Balance as of 12.31.13
Sale and lease back	12,211	-
Derivative premiums payable	65,010	76,518
Low interest loans	6,775	6,732
Loans with public institutions and others	37,406	40,523
Total	121,402	123,773

Note 21.- Grants and other liabilities

Grants and Other Liabilities as of December 31, 2014 and 2013 are shown in the following table

	Balance as of 12.31.14	Balance as of 12.31.13
Grants	146,684	374,345
Suppliers of non-current assets	2,488	2,239
Long-term trade payables	63,434	269,604
Grants and other non-current liabilities	212,606	646,188

The decrease in Grants was mainly due to the classification as liabilities held for sale of grants and other liabilities corresponding to the companies in Abengoa Yield segment, partially offset by a cash grant awarded by the United States Department of the treasury for Hugoton second generation biofuels plant, as a result of the full consolidation of Abengoa Bioenergy Biomass of Kansas, LLC, once control over this company was obtained (see Note 6.4)..

Note 22.- Provisions and contingencies

22.1. Provisions for other liabilities and charge

The following table shows the movement of the non-current heading of 'Provisions for other liabilities and charges' for the years 2014 and 2013:

Item	Taxes	Liabilities	Dismantling	Total
Balance as of 12.31.12	33,334	42,492	42,451	118,277
Net increase/ (decrease) with impact in profit and loss	99	(678)	855	276
Translation differences	(37)	(459)	(419)	(915)
Changes in consolidation	(14,275)	(13,981)	(10,991)	(39,247)
Reclassifications and other movements	(3,906)	2,277	1,282	(347)
Balance as of 12.31.13	15,215	29,651	33,178	78,044
Net increase/ (decrease) with impact in profit and loss	389	2,611	1,469	4,469
Translation differences	17	763	1,173	1,953
Transfer to liabilities held for sale	-	(19)	(9,330)	(9,349)
Balance as of 12.31.14	15,621	33,006	26,490	75,117

The decrease of total provisions in 2014 is mainly due to the classification of dismantling provisions of Abengoa Yield as liabilities held for sale.

The decrease of total provisions in 2013 was mainly due to the exclusión of Befesa from the consolidation scope following the sale of its shareholding.

Provision for tax and legal contingencies

This provision represents the Group's best estimates in connection with risks relating to tax contingencies arising during the normal course of the Group's business, fundamentally in Latin America, when it is considered probable that there will be an outflow of resources in the medium or long term, which has been estimated being comprised in a period between 2 to 5 years, although the development of the contingencies and the new facts and circumstances that may arise overtime could change such estimated settlement period.

There are also provisions recorded by Group companies in relation with court rulings and unfavorable tax inspections that are under appeal but have not been resolved yet. For these tax disputes the Group considers that it is probable that there will be an outflow of resources in the medium term (between 2 and 5 years).

Provision for liabilities

This provision includes the Group's best estimates of probable cash outflows in connection with litigation, arbitration and claims in progress in which the various group companies are defendants as a result of the activities they carry out. Management considers that these liabilities will likely be settled in the medium or long term, which has been estimated being comprised in a period between 2 to 5 years.

Dismantling provision

This provision is intended to cover future expenditures related to the dismantlement of the solar plants and it will be likely to be settled with an outflow of resources in the long term (over 5 years).

22.2. Contingent liabilities

As of December 31, 2014 Abengoa and its Group of companies are involved in certain claims and litigations both against and in their favor. Such matters arise during the Group's normal course of business and represent the technical and economic claims that the contractual parties typically invoke.

We have briefly summarized below the most significant proceedings, which in the Management's opinion are not expected to have a material adverse effect in the Consolidated Financial Statements, individually or as a whole, or for which the future outcome cannot be reliably estimated.

- In May 2000, Abengoa Puerto Rico S.E., a subsidiary of Abengoa S.A, brought a lawsuit against the Electricity Power Authority (Autoridad de Energía Eléctrica, 'AEE') of Puerto Rico and terminated the agreement that both parties had entered into in relation to an EPC project for the construction of an

electricity power station in Puerto Rico, in which the AEE was the Principal Contractor. The referred lawsuit contained different claims such as, inter alia, withholding payments, defaulted invoices, loss of future profits damages and several other costs, which tentatively amounted to USD 40 million.

In response to the lawsuit brought by Abengoa Puerto Rico, S.E., the AEE brought a counterclaim premised upon unlawful termination and consequential damages relating to the agreement with Abengoa Puerto Rico, S.E. and, at the same time, brought an additional lawsuit for the same amount against Abengoa and its insurer, American International Insurance Co. of Puerto Rico. The amount claimed by the AEE is approximately USD 450 million. Currently the lawsuit is under hearing phase.

- On April 29, 2013, the European Commission decided to initiate an inspection on the Parent Guarantor, along with all the companies directly or indirectly under its control, including Abengoa Bioenergy Trading Europe B.V., regarding its possible participation in anticompetitive agreements or actions which were allegedly aimed at manipulating the results of Platt's Market on Close (MOC) price assessment as well as denying the access of one or more companies to participation in the MOC price assessment process. According to such European Commission's decision, the suspected anticompetitive conduct, agreements and/or mutually coordinated concrete actions have allegedly existed since 2002 and would likely involve various markets for which the Platts MOC process is used to report prices, including markets for biofuels.The investigation is still in a preliminary phase, and the European Commission has not initiated formal proceedings. Directors believe that it and the relevant companies within the Group (including Abengoa Bioenergy Trading Europe B.V.) have at all times complied with the applicable competition laws. We are actively cooperating with the European Commission in its investigation.
- On February 11, 2010, the temporary joint venture (Unión Temporal de Empresas) formed by Befesa Construcción y Tecnología Ambiental, S.L. and Construcciones Alpi, S.A. (the 'UTE') took legal action against the Comunidad de Regantes de las Marismas del Guadalquivir (CRMG) regarding the project for the modernization of the Guadalquivir Marshes irrigation área (Proyecto de Modernización de la Zona Regable de las Marismas del Guadalquivir). The UTE asked for the following main claims: a) the declaration of the unlawful (i) termination of contract performed by the CRMG, (ii) application of penalties for delay; and (iii) other damages requested; and b) the termination of the agreement due to CRMG's breaches of contract, requesting a liquidation balance amounting to €32,454 thousand and additional €1,096 thousand based on different grounds. The CRMG answered the claim on November 4, 2010, requesting generically the dismissal of the UTE's claim.

On December 12, 2014, Abeinsa Infraestructuras Medio Ambiente, S.A. (Abeima, formerly Befesa Construcción y Tecnología Ambiental, S.L.) has been served with the claim brought by the CRMG against the UTE and its members (Abeima and Construcciones Alpi, S.A.), on the basis of the same dispute, project and factual issues of the aforementioned proceedings. The CRMG claims €120,353 thousand (approximately broken down as follows: €14,896 thousand for damages –works poorly executed, extra costs, alleged damages, etc.- €20,718 thousand for loss of profit and €84,682 thousand for penalties for delay). As at the date of these Consolidated Financial Statements the claim has been answered by the members of UTE.

22.3. Contingent assets

As of December 31, 2014 Abengoa and its Group of companies do not have significant contingent assets.

Note 23.- Third-party guarantees and commitments

23.1. Third-party guarantees

At the close of 2014 the overall sum of Bank Bond and Surety Insurance directly deposited by the group companies and all that the parent company deposited to any company in the group as guarantee to third parties (clients, financial entities, Public Entities and other third parties) amounted to €1,672,837 thousand (€1,323,267 thousand in 2013) out of which €8,092 thousand (€2,229 thousand in 2013) are attributed to operations of financial nature and €1,664,745 thousand (€1,321,038 thousand in 2013) to those of technical nature.

In addition, the declarations of intent and commitments undertaken by the Group companies and what the parent company undertook to any company in the group as guarantee to third parties (clients, financial entities, Public Entities and other third parties) amounted to €5,789,243 thousand (€6,187,269 thousand in 2013) out of which €39,939 thousand (€32,480 thousand in 2013) are attributed to operations of financial nature and €5,749,304 thousand (€6,154,789 thousand in 2013) to those of technical nature.

Also bridge loan (non-recourse financing in process) is guaranteed by Abengoa, S.A. and in some cases, jointly by certain group subsidiaries (see Note 19).

Finally, as indicated in Note 20, the corporate financing is guaranteed by Abengoa, S.A. and in same cases, jointly by certain group subsidiaries.

23.2. Contractual obligations

The following table shows the breakdown of the third-party commitments and contractual obligations as of December 31, 2014 and 2013 (in thousands of Euros):

2014	Total	Up to one year	Between one and three years	Between three and five years	Subsequent
Loans with credit institutions	6,274,113	1,243,596	1,208,884	2,000,368	1,821,265
Notes and bonds	3,852,958	1,096,965	1,029,873	867,288	858,832
Liabilities due to financial leases	34,991	10,927	12,796	3,668	7,600
Other loans and borrowings	121,402	24,373	71,327	21,206	4,496
Obligations under operating Leases	13,826	3,867	5,537	3,035	1,387
Purchase commitments	1,072,848	933,071	123,123	5,517	11,137
Accrued interest estimate during the useful life of loans	2,599,142	589,443	908,675	500,009	601,015

2013	Total	Up to one year	Between one and three years	Between three and five years	Subsequent
Loans with credit institutions	8,917,022	1,221,532	2,837,961	938,084	3,919,445
Notes and bonds	2,894,526	256,443	795,159	1,210,960	631,964
Liabilities due to financial leases	40,038	12,945	12,348	1,588	13,157
Other loans and borrowings	123,773	13,143	62,835	39,394	8,401
Obligations under operating Leases	17,147	12,804	1,610	1,277	1,456
Purchase commitments	1,172,565	1,033,952	117,829	1,278	19,506
Accrued interest estimate during the useful life of loans	3,534,516	664,610	955,679	658,304	1,255,923

Note 24.- Tax situation

24.1. Application of rules and tax groups in 2014

Abengoa, S.A. and 222 and 242 consolidated subsidiaries in 2014 and 2013, respectively (see Appendixes XI and XVI of these Consolidated Financial Statements) have filed its 2014 income taxes following the rules for tax consolidation in Spain under the 'Special Regime for Tax Consolidation' Number 2/97.

All the other Spanish and foreign companies included in the Consolidation group file income taxes according to the tax regulations in force in each country on an individual basis or under consolidation tax regulations. The fiscal policy of the company is based on compliance with the regulations in force in the countries where it operates.

In order to calculate the taxable income of the consolidated tax Group and the consolidated entities individually, the accounting profit is adjusted for temporary and permanent differences, recording the corresponding deferred tax assets and liabilities. At each Consolidated Income Statement date, a current tax asset or liability is recorded, representing income taxes currently refundable or payable. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the territory and/or country in which the entity is registered. Additionally, tax deductions and credits are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation.

Abengoa, S.A., as the dominant company of the tax group with registered number 02/97, has been informed of the start of inspection proceedings regarding the following concepts and periods:

Corporate income tax	2009 - 2011
Value added tax	03/2010 – 12/2011
Withholdings and on-account payments for personal income tax for residents and non-residents	03/2010 – 12/2011

This inspection remains open as at the closing date of the financial statements, although no tax adjustments have been proposed. The directors believe that although potential interpretations of prevailing tax legislation could give rise to additional liabilities as a result of this inspection, these would not have a significant impact on the financial statements. This opinion is based on the best available information and the situation as at December 31, 2014, although the results of the inspection cannot be known with certainty.

24.2. Deferred tax assets and liabilities

At the end of 2014 and 2013 the analysis of deferred tax assets and deferred tax liabilities is as follows:

	Balance as of 12.31.14	Balance as of 12.31.13
Tax credits for tax loss carryforwards	487,278	378,229
Tax credits for deductions pending application		
Tax credits for export activities	242,872	242,872
Tax credits for R+D+i	72,981	72,525
Other deductions	165,201	168,180
Temporary differences		
Provisions	128,951	48,462
Impairment	29,313	16,274
Remuneration plans	19,386	18,550
Derivatives financial instruments	104,936	119,211
Non deductible expenses (Art. 20 TRLIS, Art. 7 Ley 16/2012)	131,666	80,726
Consolidation adjustments, homogenization adjustments and other	121,025	136,063
Total deferred tax assets	1,503,609	1,281,092

	Balance as of 12.31.14	Balance as of 12.31.13
Accelerated tax amortization	69,701	32,272
Business combination	44,971	39,852
Consolidation adjustments, homogenization adjustments and other	167,125	255,180
Total deferred tax liabilities	281,797	327,304

Article 29 and the Thirty-Fourth Transitional Provision of Law 27/2014 published in the official state gazette (BOE), on November 28, 2014, introduces changes of the Spanish tax system which include changing the general tax rate to 28% in 2015 and to 25% in 2016 (from 30% in 2014), among other measures. The reclassification of certain deferred tax assets and liabilities at the new tax rates has resulted in an expense of €49.4 million in the income statement and €17.9 million under equity for the company.

Most of the tax credits for net operating loss carryforwards correspond to Brazil (€177 million), the United States (€141 million), Spain (€70 million) and the Netherlands (€56 million).

Tax loss carryforwards in Brazil have been generated in years with poor meteorological conditions which have negatively affected sugarcane production. From 2011 a series of plans are carrying out to improve the quality of biological assets, to increase milling capacity and cogeneration plant capacity, with the ultimate purpose of increasing assets profitability. Tax loss carryforwards in the United States correspond mainly to projects in an initial stage of development or operation, the application of tax incentives and to other non-recurring losses. Tax loss carryforwards in Spain correspond mainly to the application of tax incentives.

Tax credits for deductions have been generated mainly in Spain. Among these tax credits the larger amount corresponds to deduction on export activities (DAEX), which is calculated as a percentage over investments effectively made for the acquisition of foreign companies or capital increases in foreign companies. This percentage, which was initially 25% was been gradually reduced since 2007 to reach 3% in 2010, disappearing the deduction on 2011. To benefit from this deduction, among other requirements, the acquisition or incorporation of companies should be directly related to the export of goods and services from Spain. From the year 2012, the Company has not recorded any income in relation to this deduction, as it had been recorded entirely as of December 31, 2011.

In addition, efforts in research, development and innovation activities (R&D&i) that Abengoa has been carrying out during the last years have resulted in the generation of important tax deductions, some of which are recorded as deferred tax assets for an amount of €73 million as of December 31, 2014.

'Other deductions', which have been generated mainly in Spain, correspond primarily to deductions for double taxation (€75 million), environmental deductions (€12 million), deduction for reinvestment of extraordinary benefits (€ 51 million) and deductions for donations to non-profit organizations (€19 million).

In relation to tax loss carryforwards and deductions pending of application recorded as deferred tax assets, the Company evaluates its recoverability projecting forecasted taxable income for the upcoming years and taking into account the Company tax planning strategy. Deferred tax liabilities reversals are also considered in these projections, as well as any limitation established by tax regulations in force in each tax jurisdiction.

On the other hand, the Company has certain tax credits as of December 31, 2014 which it has not capitalized, as it determined that recoverability of such assets is not probable. These tax credits consist mainly of tax loss carryforwards related to our US subsidiaries amounting to €35 million (€35 million in 2013), with expiration dates between 2029 and 2032; to our South African subsidiaries amounting to €37 million with expiration date in 2016, to our Spanish subsidiaries amounting to €89 million and to our Brazilian subsidiaries amounting to €8 million, without expiration date in the last two jurisdictions; and R&D&i and environmental tax credits in Spain amounting to €89 million (€75 million in 2013), with expiration dates between 2022 and 2032.

The movements in deferred tax assets and liabilities during 2014 and 2013 were as follows:

Deferred tax assets	Amount
As of December 31, 2012	1,148,324
Increase / Decrease through the consolidated income statement	159,703
Increase / Decrease through other comprehensive income (equity)	(40,703)
Change in consolidation, various reclassifications and translation diff.	13,768
As of December 31, 2013	1,281,092
Increase / Decrease through the consolidated income statement	217,693
Increase / Decrease through other comprehensive income (equity)	52,651
Increase / Decrease through the consolidated income statement for change in tax rate	(83,683)
Increase / Decrease through other comprehensive income (equity) for change in tax rate	(17,925)
Transfer to assets held for sale	(58,465)
Change in consolidation, various reclassifications and translation diff.	112,246
As of December 31, 2014	1,503,609

Deferred tax liabilities	Amount
As of December 31, 2012	276,550
Increase / Decrease through the consolidated income statement	87,163
Increase / Decrease through other comprehensive income (equity)	11,126
Change in consolidation, various reclassifications and translation diff.	(47,535)
As of December 31, 2013	327,304
Increase / Decrease through the consolidated income statement	46,286
Increase / Decrease through other comprehensive income (equity)	(12,563)
Increase / Decrease through the consolidated income statement for change in tax rate	(34,244)
Increase / Decrease through other comprehensive income (equity) for change in tax rate	(46)
Transfers to liabilities held for sale	(7,634)
Change in consolidation, various reclassifications and translation diff.	(37,306)
As of December 31, 2014	281,797

Note 25.- Trade payables and other current liabilities

25.1. Trade payable and other current liabilities as of the close of 2014 and 2013 are shown in the following table:

Item	Balance as of 12.31.14	Balance as of 12.31.13
Trade payables for purchases of goods	4,034,367	3,707,470
Trade payables for services	1,061,871	1,121,466
Billings in excess and advance payments from clients	245,970	429,462
Remunerations payable to employees	52,211	37,017
Suppliers of intangible assets current	12,522	14,748
Other accounts payables	148,227	204,023
Total	5,555,168	5,514,186

25.2. Nominal values of Trade payables and other current liabilities are considered to approximate fair values and the effect of discounting them is not significant.

25.3. The table above includes amounts payable through 'Confirming without recourse' for an amount of €2,250 million at December 31, 2014 (€2,377 million in 2013) relating to various agreements entered into with a number of financial entities. There are deposits and cash and cash equivalents of the Consolidated Statement of Financial Position linked to the payment of such 'confirming without recourse' for an amount of €1,226 million (€1,337 million in 2013).

25.4. Details on supplier maturities are provided in the following table:

Maturity	Balance as of 12.31.14	Balance as of 12.31.13
Up to 3 months	3,753,497	3,362,897
Between 3 and 6 months	177,927	219,839
Over 6 months	102,943	124,734
Total	4,034,367	3,707,470

25.5. Pursuant to the Decision dated December 29, 2010, of the Instituto de Contabilidad y Auditoría de Cuentas (Spanish Accounting Board), on the information to incorporate into the Financial Statements report in relation to the delays in payments to suppliers in commercial transactions, companies located in Spain that issue

individual and consolidated statements must expressly make public the information on payment term to suppliers in the notes to their Financial Statements.

The obligation to provide information affects commercial payment transactions. That is, to the trade creditors included under the heading of current liability of the balance sheets, therefore, the regulations excludes creditors or suppliers that do not meet such condition as suppliers of fixed assets or finance lease creditors.

The information in the consolidated financial statements refers to suppliers of the Group as a single reporting entity, after reciprocal credits and debits of subsidiaries and, if applicable, those of multi-group companies have been eliminated in accordance with the provisions of the applicable consolidation rules, together with those of suppliers related with the construction of own assets.

Thus, at the end of 2014, the outstanding balance with suppliers located in Spain with payment terms greater than the legal period, in accordance with the procedure established by said Decision, amounts to €65,198 thousand (€82,269 thousand in 2013).

According to the foregoing, and considering the fact that in general, the system of payment used by Abengoa is the financial figure of confirmed payment through financial institutions without recourse to supplier (PPB or confirming), under contracts signed with various financial entities, at the end of 2014 and 2013, the outstanding balances to suppliers did not accumulate a payment delay significantly longer than the legal payment term.

In addition, the payments to suppliers of companies within Spain during 2014 exceed the legal limit by 71 days (74 days in 2013) and amounts to €340 million, 29% of the total of payments (€477 million, 30% of the total payments in 2013), although, considering that most of the payments are made to international suppliers under the framework of strategic agreements signed, it may be said that the total payments and days exceeded did not exceed the legal terms.

The Directors of the parent company do not expect that additional liabilities may arise as a result of balances of outstanding suppliers exceeding payment terms established in Law 15/2010 referred to in this note.

Note 26.- Construction contracts

Further to the information set out in Note 2.24.b) relating to the accounting treatment of construction contracts, the table below includes aggregated information on outstanding construction contracts to which IAS 11 was applied at the end of the years 2014 and 2013:

2014	Construction contracts
Operating revenues	4,696,358
Billings in excess and advance payments received	1,364,078
Payment withholdings	13,577
Account receivables	3,926,009
Account payables	3,851,257

2013	Construction contracts
Operating revenues	5,110,959
Billings in excess and advance payments received	619,678
Payment withholdings	24,363
Account receivables	2,536,586
Account payables	3,959,876

The amount of unbilled revenue by the end of the years 2014 and 2013 is €913,122 and €488,883 thousand, respectively.

The aggregated total amount of the costs incurred and the aggregated total profits (less the related losses) recognized since origin for all the ongoing contracts at December 31, 2014 amount to €10,908,371 thousand and €1,462,619 thousand respectively (€11,869,900 thousand and €995,928 thousand in 2013).

Note 27.- Revenues

The breakdown of Revenues for the years 2014 and 2013 is as follows:

	2014	2013
Product sales	2,424,084	2,302,224
Rendering of services and construction contracts	4,726,483	4,942,907
Total revenue	7,150,567	7,245,131

Note 28.- Other operating income and expenses

The table below shows the detail of Other Operating Income and Expenses for the years 2014 and 2013:

Other operating income	2014	2013
Work performed by the entity and capitalized and other	76,035	322,308
Grants	16,732	17,764
Income from various services	95,510	101,329
Total	188,277	441,401

Other operating expenses	2014	2013
Research and development cost	(8,714)	(6,532)
Leases and fees	(122,497)	(110,814)
Repairs and maintenance	(71,181)	(64,741)
Independent professional services	(265,829)	(488,683)
Transportation	(78,746)	(75,410)
Supplies	(115,543)	(123,689)
Other external services	(167,442)	(157,273)
Taxes	(85,514)	(71,018)
Other minor management expenses	(61,491)	(103,303)
Total	(976,957)	(1,201,463)

Work performed by the entity and capitalized and other corresponds to income from capitalized costs, including mainly the capitalization of costs associated with the construction of our own assets (except for concession assets for which IFRIC 12 is applied). The corresponding costs are recognized in the individual expense line item in the accompanying income statements. The recognition of an income for the sum of such costs through the line item 'work performed by the entity and capitalized costs and other' results in these costs having no impact in net operating profit. The corresponding assets are capitalized and included in property, plant and equipment in the accompanying balance sheets.

For the year ended December 31, 2014, there has been a decrease in work performed by the entity for its own assets and additionally, other income primarily included in 2013 an income of €141.8 million corresponding to a favorable jury verdict in a litigation process against Adriano Gianetti Dedini Ometto and Adriano Ometto Agrícola, Ltda. and other non-recurring minor income.

Grants include government grants related to R&D activities and to loans at a rate below interest rates which are considered as subsidized loans (see Note 2.17).

Income from various services in 2014 primarily includes profits generated by the sale of Qingdao BCTA Desalination Co., amounting to €9 million, as weel as, income from collections related to claims with third and other income by minor services higher than the previous year. Additionally, during 2013, profits generated by the sale of the Brazilian subsidiary, Bargoa, S.A. amounting to €33.2 million, were recorded.

The decrease in other operating expenses for the year ended December 31, 2014 is due to a decrese in independent professional services caused mainly by the fact the Company carried out less work through subcontractors in our Engineering and Construcion activity.

'Leases and fees' mainly includes leases of buildings, offices, machinery and construction equipment required in the ordinary course of operating activities of companies.

Under 'Other external services' are mainly recorded trips and per diem expenses.

Note 29.- Employee benefit expenses

The breakdown of Employee Benefit Expense for 2014 and 2013 is as follows:

Item	2014	2013
Wages	700,818	621,857
Social security costs	141,650	118,582
Stock plans and other employee benefits	29,415	14,999
Total	871,883	755,438

Variable remuneration plans for managers

There are currently two extraordinary long-term variable remuneration plans for managers.

1) Extraordinary Variable Remuneration Plan for Managers – January 2014

This plan, which replaces and cancels the extraordinary plan previously approved in February 2011, was agreed by the Company's board of directors in January 2014 following a proposal by the Appointments and Remuneration Committee.

The plan expires on December 31, 2017 and is designed to help achieve the objectives set in the Strategic Plan at an individual level. The plan also requires beneficiaries to remain with the company for the corresponding period and for Abengoa's average share price during the last three months of 2017 to be higher than a specific value. At the end of 2014, there were 345 participants and the plan was worth a total of €85,703 thousand.

2) Extraordinary Variable Remuneration Plan for Managers – July 2014

On July 21, 2014, the board of directors, at the proposal of the Appointments and Remuneration Committee, unanimously approved a five-year variable remuneration plan (2014-2018).

The plan expires on December 31, 2018 and accrues 20% annually. Its purpose is to incentivize certain managers to stay with the company or to achieve specific personal objectives. The plan requires the beneficiary to be employed by the company for the corresponding period and for the average price of Abengoa's Class B shares during the last three months of 2018 to be higher than a specific value. At the end of 2014, there were 359 participants and the plan was worth a total of €67,720 thousand.

The cost recognized through the variable remuneration plans in 2014 was €29,415 thousand, the accumulated cost being €49,849 thousand. The cost of Plan corresponding to senior Management of the Company recognized in 2014 amounts to €5,895 thousand.

Note 30.- Finance income and expenses

30.1. Finance income and expenses

The following table sets forth our Finance income and expenses for the years ended 2014 and 2013:

Finance income	2014	2013
Interest income from loans and credits	45,294	38,113
Interest rates benefits derivatives: cash flow hedges	15,668	28,387
Interest rates benefits derivatives: non-hedging	1,156	546
Total	62,118	67,046

Finance expenses	2014	2013
Expenses due to interest:		
- Loans from credit entities	(256,995)	(229,436)
- Other debts	(376,580)	(269,832)
Interest rates losses derivatives: cash flow hedges	(92,260)	(83,903)
Interest rates losses derivatives: non-hedging	(19,557)	(13)
Total	(745,392)	(583,184)
Net financial loss	(683,274)	(516,138)

In 2014, finance income has decreased due to lower interest rates benefits derivatives as a result of expense for the time value of interest rate options classified in Finance expenses, that in the previous year was an income, partially offset by higher interest income from loans and credits in Brazil.

Interest expenses from loans with credit entities increased in 2014 mainly due to the higher interest accrued on other debts due to the new notes issued in the last quarter of 2013 and in the first quarter of 2014 (see Note 20.3), the increase in interest expenses from loans with credit entities because of the lower capitalization of interest expense financing projects under construction, due to various projects coming into operation, as well as, the negative effect on the valuation of interest rate derivatives.

The net financial expenses for companies which are financed through project debt is €-181,989 thousand (€-174,065 thousand in 2013).

30.2. Net exchange differences

The following table sets out the exchange rate differences for the years 2014 and 2013:

Net exchange differences	2014	2013
Gains and losses from foreign exchange transactions	(6,475)	331
Gains and losses from foreign exchange contracts: cash flow hedges	11,244	(4,171)
Gains and losses from foreign exchange contracts: non-hedging	266	283
Total	5,035	(3,557)

The most significant amounts in net exchange differences during 2014 and 2013 corresponded to the Consolidated Income Statement and to different hedges in several subsidiaries that have not been offset perfectly with the differences generated by de hedged item.

Net exchange rate differences in 2014 for companies which are financed through project debt amounts to €-29,712 thousand (€-3,998 thousand in 2013).

30.3. Other net finance income and expenses

The following table sets out 'Other net finance income and expenses' in 2014 and 2013:

Other finance income	2014	2013
Profits from the sale of financial assets	394	70
Income on financial assets	1,676	649
Other finance income	13,085	18,402
Changes in the fair value of the derivatives embedded in the convertible bonds and options over shares	-	75,614
Commodity derivatives gains: Cash flow hedge	-	154
Commodity derivatives gains: non hedge	45	-
Total	15,200	94,889

Other finance expenses	2014	2013
Loss from sale of financial assets	(11,337)	(335)
Losses from partial repayment of the convertible notes due 2014	-	(12,026)
Outsourcing of payables	(84,770)	(81,238)
Other financial losses	(81,112)	(110,706)
Changes in the fair value of the derivatives embedded in the convertible bonds and options over shares	(9,631)	-
Commodity derivatives losses: non hedge	(4,853)	(9,837)
Total	(191,703)	(214,142)
Other net finance income/expenses	(176,503)	(119,253)

For the year ended December 31, 2014 the heading 'Other finance income' has decreased when compared to the previous year, mainly due to the change in fair value of embedded derivatives of the convertible notes, net of change in fair value of the call options over Abengoa's own share, which hedge the embedded derivatives partially, amounting to a net gain of €75,614 thousand for the year ended December, 2013 (a loss of €1,180 thousand for the year ended December 31, 2014).

The heading 'Other finance expenses' has decreased for the year ended December 31, 2014 compared to the previous year mainly due to the decrease in the heading 'Other financial losses', which include commissions to wire transfers and other bank fees and other minor finance expenses. Additionally, for the year ended December 31, 2013 was recorded the impairment of uncollectible financial accounts. This heading has also decreased by losses from partial repayment of the convertible notes due in 2014 recorded for the year ended December 31, 2013. These decreases has been partially offset by the change in fair value of embedded derivatives of the convertible notes, net of change in fair value of the call options over Abengoa's own share, as mentioned above, as well as, the negative impact of the valuation of the embedded derivative of convertible loan received as part of the consideration for the sale of the shareholding in Befesa (see Note 7.3).

The net of 'Other incomes and financial expenses' for companies which are financed through project debt is €-45,112 thousand (€-46,396 thousand in 2013).

30.4. Non-monetary items of derivative financial instruments

The table below provides a breakdown of the line item 'Fair value gains on derivative financial instruments' included in the Consolidated Cash Flow Statement for the years 2014 and 2013:

Fair value gains on derivative financial instruments	2014	2013
Change in fair value of the embedded derivative of convertible debt and shares options	(9,631)	75,614
Non-cash profit/(losses) from cash flow hedges	(3,087)	20,230
Non-cash profit/(losses) from derivatives - non-hedge accounting	(22,988)	(8,866)
Other non-cash gains/losses on derivative instruments	561	764
Fair value gains (losses) on derivative financial instruments (non cash items)	(35,145)	87,742
Cash gains (losses) on derivative financial instruments (monetary effect)	(74,287)	(76,794)
Total fair value gains / (loss) on derivative financial instruments (Notes 30.1 & 30.3)	(109,432)	10,948

Note 31.- Income tax

Details regarding income tax for the years 2014 and 2013 are as follows:

Item	2014	2013
Current tax	(63,322)	(27,960)
Deferred tax	121,968	54,143
Total income tax benefit/(expense)	58,646	26,183

The reconciliation between the theoretical income tax resulting from applying statutory tax rate in Spain to income before income tax and the actual income tax expense recognized in the Consolidated Income Statement for the years 2014 and 2013 is as follows:

	2014	2013
Consolidated profit before taxes	85,434	106,883
Regulatory tax rate	30%	30%
Corporate income tax at regulatory tax rate	(25,630)	(32,065)
Income tax of associates, net	2,105	(1,549)
Differences in foreign tax rates	12,507	8,899
Incentives, deductions and tax losses carryforwards	124,460	88,367
Effect in consolidated income statement for change in Spanish companies tax rate	(49,439)	-
Non-taxable gain	-	-
Other non-taxable income/(expense)	(5,357)	(37,469)
Corporate income tax	58,646	26,183

Differences between theoretical tax and actual tax expense arise mainly from:

- Companies based in jurisdictions with statutory tax rates different from Spanish statutory tax rate.
- Application in Spain of tax incentive for the transfer of use of intangible assets under Article 23 of the Revised Text of the Spanish Income Tax Act and application also in Spain of the tax incentive which exempts any profits generated abroad for international projects involving the export of goods and services from Spain. Generation of tax deductions, mainly in Spain, among which we can outline R&D&I deductions, double taxation deductions and deductions on donation expenses.
- Application in Spain of changing the general tax rate to 28% in 2015 and to 25% in 2016 (from 30% in 2014)
- The heading 'Other non-taxable income/ (expense)' includes, among others, the regularizationn of the tax expense of the previous year as well as certain permanents differences arised.

Note 32.- Earnings per share

As explained in Note 18, on September 30, 2012, the General Shareholders' Meeting approved a capital increase in class B shares, charged to our freely available reserves, which were distributed for no consideration to all existing shareholders on the basis of four (4) class B shares for each class A share or class B share which they hold. Therefore, no dilution or further concentration with respect to our share capital occurred.

According to IAS 33, when ordinary shares are issued to existing shareholders for no additional consideration, the transaction is equivalent to a share split. In this case, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

In addition, the average number of shares outstanding in 2013 has been calculated taking into account the capital increase carried out in October 2013 (see Note 18).

32.1. Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

Item	2014	2013
Profit from continuing operations attributable to equity holders of the company	147,708	125,361
Profit from discontinuing operations attributable to equity holders of the company	(22,416)	(23,916)
Average number of ordinary shares outstanding (thousands)	835,371	595,905
Earnings per share from continuing operations (€ per share)	0.18	0.21
Earnings per share from discontinuing operations (€ per share)	(0.03)	(0.04)
Earnings per share from profit for the year (€ per share)	0.15	0.17

32.2. Diluted earnings per share

To calculate the diluted earnings per share, the average weighted number of ordinary shares issued and outstanding is adjusted to reflect the conversion of all the potential diluting ordinary shares.

The potential diluting ordinary shares held by the group correspond to the warrants on Class B shares issued in November 2011. The assumption is that all warrants will be exercised and a calculation is made to determine the number of shares that may have been acquired at fair value based on the monetary value of the subscription rights of the warrants still to be exercised. The difference between the number of shares issued assuming the exercise of the warrants, and the number of shares calculated based on the above, is included in the calculation of the income per diluted share.

	2014	2013
Profit for the year		
- Profit from continuing operations attributable to equity holders of the company	147,708	125,361
- Profit from discontinuing operations attributable to equity holders of the company	(22,416)	(23,916)
- Adjustments to attributable profit	-	-
Profit used to determine the diluted earnings per share	125,292	101,445
Average weighted number of ordinary shares outstanding (thousands)	835,371	595,905
- Warrants adjustments (average weighted number of shares in outstanding since issue)	20,039	19,995
Average weighted number of ordinary shares affecting the diluted earnings per share (thousands)	855,410	615,900
Diluted earnings per share from continuing operations (€ per share)	0.17	0.20
Diluted earnings per share from discontinuing operations (€ per share)	(0.02)	(0.04)
Diluted earnings per share to the profit for the year (€ per share)	0.15	0.16

Note 33.- Other information

33.1. Employees

The average number of employees classified by category during 2014 and 2013 was:

	Average number of employees in 2014			Average number of employees in 2013		
Categories	Female	Male	% Total	Female	Male	% Total
Directors	65	503	2.1	73	536	2.3
Management	435	1,517	7.2	426	1,512	7.2
Engineers	1,362	3,375	17.4	1,278	3,268	17.0
Assistants and professionals	1,108	1,480	9.5	1,128	1,507	9.8
Operators	865	15,893	61.6	925	15,648	61.8
Interns	242	336	2.2	230	287	1.9
Total	4,077	23,104	100	4,060	22,758	100

The average number of employees is 25% in Spain (27% in 2013) and 75% abroad (73% in 2013).

The average number of employees during the year with disabilities above or equal to 33% is 126 (107 in 2013).

The total number of people employees classified by category as of December 31, 2014 and 2013 was:

	12.31.14			12.31.13		
Categories	Female	Male	% Total	Female	Male	% Total
Board of Directors	3	13	0.1	3	12	0.1
Directors	62	507	2.3	74	506	2.3
Management	466	1,668	8.8	415	1,382	7.3
Engineers	1,392	3,120	18.6	1,311	3,460	19.3
Assistants and professionals	1,111	1,531	10.9	1,079	1,407	10.0
Operators	791	13,045	56.8	772	13,844	59.0
Interns	247	366	2.5	230	268	2.0
Total	4,072	20,250	100	3,884	20,879	100

33.2. Related parties

The account held by Abengoa with Inversión Corporativa I.C., S.A., as of year-end 2014 and 2013 has a nil balance.

Dividends distributed to related parties during 2014 amounted to €31,601 thousand (€17,182 thousand in 2013).

During 2014 the only transactions associated with related parties were the following:

- Service provision agreement signed between Centro Tecnológico Palmas Altas, S.A. and Ms. Blanca de Porres Guardiola, which involved a consideration of €72 thousand.
- Service agreement signed between Equipo Económico, S.L. (company related to D. Ricardo Martínez Rico, member of Board of Directors) and Abengoa, S.A., Abengoa Concessions, S.L.,Abeinsa Ingeniería and Construcción Industrial, S.A. for a total amount of €355 thousand.

As indicated in Note 18.1, Inversión Corporativa is Abengoa's main shareholder, and issues its own separate Consolidated Financial Statements.

These operations were subject to review by the Abengoa Audit Committee and third parties.

33.3. Employee remuneration and other benefits

Directors are remunerated as established in article 39 of the Bylaws. The remuneration of Directors is made up of a fixed amount as agreed upon at the General Shareholders' Meeting, and is not necessarily equal for all directors. Additionally, they may participate in profit sharing programs, for a percentage between 5% and 10% (maximum) of the net income of the Company after the declaration of the dividends for the year. Travel expenses related to work undertaken by the board are reimbursed to Directors.

Salary (both fixed and variable) and allowances paid to the members of the Board of Abengoa S.A. in 2014 were €15,833 thousand (€15,421 thousand in 2013).

Detail on individual salaries and benefits in 2014 paid to the Board of Directors are as follows (in thousands of Euros):

Name	Salary	Fixed remuneration	Daily allowance	Short term variable remuneration	Compensation as member of Board Committee	Compensation as officer of other Group companies	Other concepts	Total 2014
Felipe Benjumea Llorente	1,086	-	93	3,304	-	-	1	4,484
Aplidig, S.L. (1)	-	202	93	2,804	-	-	-	3,099
Manuel Sánchez Ortega	1,086	-	93	3,304	-	-	1	4,484
Javier Benjumea Llorente	450	-	93	1,307	200	52	-	2,102
José Borrell Fontelles	-	-	160	-	140	-	-	300
Mercedes Gracia Díez	-	-	160	-	40	-	-	200
Ricardo Martínez Rico	-	-	110	-	20	-	-	130
Alicia Velarde Valiente	-	-	110	-	40	-	-	150
Ricardo Hausmann (2)	-	-	178	-	-	-	-	178
José Joaquín Abaurre Llorente	-	-	110	-	40	-	-	150
José Luis Aya Abaurre	-	-	110	-	40	-	-	150
María Teresa Benjumea Llorente	-	-	78	-	-	24	-	102
Claudi Santiago Ponsa	-	-	70	-	-	-	-	70
Ignacio Solís Guardiola	-	-	78	-	-	-	-	78
Fernando Solís Martínez-Campos	-	-	78	-	-	-	-	78
Carlos Sundheim Losada	-	-	78	-	-	-	-	78
Total	2,622	202	1,692	10,719	520	76	2	15,833

Note (1): Represented by Mr. José B. Terceiro Lomba until 01.19.2015
Note (2): From 06.02.2014

Detail on individual salaries and benefits in 2013 paid to the Board of Directors is as follows (in thousand of Euros):

Name	Salary	Fixed remuneration	Daily allowance	Short term variable remuneration	Compensation as member of Board Committee	Compensation as officer of other Group companies	Other concepts	Total 2013
Felipe Benjumea Llorente	1,086	-	93	3,304	-	-	1	4,484
Aplidig, S.L. (1)	-	202	93	2,804	-	-	-	3,099
Manuel Sánchez Ortega	1,086	-	93	3,304	-	-	1	4,484
Javier Benjumea Llorente	263	-	78	1,183	200	38	108	1,870
José Borrell Fontelles	-	-	176	-	124	-	-	300
Mercedes Gracia Díez	-	-	160	-	40	-	-	200
Ricardo Martínez Rico	-	-	121	-	15	-	-	136
Alicia Velarde Valiente	-	-	110	-	40	-	-	150
José Joaquín Abaurre Llorente	-	-	110	-	40	-	-	150
José Luis Aya Abaurre	-	-	110	-	40	-	-	150
María Teresa Benjumea Llorente	-	-	78	-	-	24	-	102
Claudio Santiago Ponsa	-	-	62	-	-	-	-	62
Ignacio Solís Guardiola	-	-	78	-	-	-	-	78
Fernando Solís Martínez-Campos	-	-	78	-	-	-	-	78
Carlos Sundhein Losada	-	-	78	-	-	-	-	78
Total	2,435	202	1,518	10,595	499	62	110	15,421

Note (1): Represented by Mr. José B. Terceiro Lomba

Additionally, in 2014 overall remuneration for key management of the Company (Senior Management which are not executive directors), including both fixed and variable components, amounted to €11,351 thousand (€14,656 thousand in 2013).

No advanced payments or credits are granted to members of the Board, nor are any guarantees or obligations granted in their favor.

As of December 31, 2014 there existed €56,659 thousand in non-current personnel compensation obligations (€29,789 thousand in 2013).

33.4. In compliance with Royal Decree 1/2010 of July 2, that approves the Capital Corporations Law, the Company reports that no member of the Board of Directors of Abengoa, S.A. and, to its knowledge, none of the individuals related parties as referred to by article 231 in the Capital Corporations Law Act maintains any direct to indirect share in the capital of companies with the same, analogous or complementary kind of activity that the parent company's corporate purpose, nor has any position in any company with the same, analogous or complementary kind of activity that the parent company's corporate purpose. In addition, no member of the Board of Directors has accomplished any activity with the same, analogous or complementary kind of activity that the parent company's corporate purpose.

As of December 31, 2014, members of the Board of Directors who are in turn Directors or Management in other subsidiaries included in the consolidation group are:

Name	Company	Charge
Prof. D. José B. Terceiro	Bioetanol Galicia, S.A.	President
D. Javier Benjumea Llorente	Abengoa Bioenergía, S.A.	President
	Abengoa Solar, S.A.	President
Dña. María Teresa Benjumea Llorente	Sociedad Inversora en Energía y Medio Ambiente, S.A.	Member of Board of Directors
D. Manuel Sánchez Ortega	Abengoa Bioenergía, S.A.	Member of Board of Directors
	Abengoa Solar, S.A.	Member of Board of Directors
	Gestión Integral de Recursos Humanos, S.A	President
	Abengoa Yield, Plc	President

In accordance with the record of significant holding in the Company, and as required by the 'Internal Rules and Regulations for Conduct involving Stock Exchange Matters', the shares and the holding percentages of the Company Directors as of December 31, 2014 are:

	No. of direct class A shares	No. of indirect class A shares	No. of direct class B shares	No. of indirect class B shares	% Total
Felipe Benjumea Llorente	-	-	414,170	4,300,905	0.0513
Aplidig, S.L.	-	-	4,737,756	-	0.0516
Manuel Sánchez Ortega	-	-	913,167	-	0.0099
José Joaquín Abaurre Llorente	-	-	9,870	-	0.0001
José Luis Aya Abaurre	1,210	-	344,301	-	0.0050
Mª Teresa Benjumea Llorente	12,390	-	49,560	-	0.0140
Javier Benjumea Llorente	3,888	-	15,552	-	0.0044
José Borrell Fontelles	-	-	71,695	-	0.0008
Mercedes Gracia Díez	-	-	2,500	-	-
Ricardo Hausmann	-	-	-	-	-
Ricardo Martínez Rico	-	-	2,565	-	-
Claudi Santiago Ponsa	200	-	800	-	0.0002
Ignacio Solís Guardiola	17,000	-	68,000	-	0.0192
Fernando Solís Martínez-Campos	50,832	34,440	203,328	137,760	0.0966
Carlos Sundheim Losada	-	-	247,118	-	0.0026
Alicia Velarde Valiente	400	-	1,600	-	0.0005

Throughout out 2014 and 2013 there was no evidence of any direct or indirect conflict of interest situation, in accordance with what is envisaged in Article 229 of the Capital Corporation Law.

33.5. Audit fees

The fees and costs obtained by Deloitte, S.L. and other auditors are the following:

	2014			2013		
	Deloitte	Other auditors	Total	Deloitte	Other auditors	Total
Audit fees	5,221	315	5,536	3,541	270	3,811
Other verification services	297	12	309	245	1	246
Tax fees	183	4,388	4,571	636	3,934	4,570
Other audit complementary services	1,803	131	1,934	886	246	1,132
Other services	410	3,436	3,846	680	2,137	2,817
Total	7,914	8,282	16,196	5,988	6,588	12,576

33.6. Environmental information

The principles of the environmental policies of Abengoa are based on compliance with the current legal regulations applicable, preventing or minimizing damaging or negative environmental consequences, reducing the consumption of energy and natural resources, and achieving ongoing improvement in environmental conduct.

In response to this commitment to the sustainable use of energy and natural resources, Abengoa, in its Management Rules and Guidelines for the entire Group, explicitly establishes the obligation to implement and certify environmental management systems in accordance with the ISO 14001 International Standard.

Consequently, by year-end 2014, the percentage of Companies with Environment Management Systems certified according to the ISO 14001 Standard per sales volume is 89.56% (92.92% in 2013).

The table below lists the percentage of distribution of the Companies with Certified Environmental Management Systems, broken down by business unit:

Business unit	ISO 14001-certified companies (% of revenue)
Engineering and Construction	92.35%
Industrial Production	89.53%
Concession-type Infraestructure	66.31%

33.7. Subsequent events

Since December 31, 2014, apart from what is detailed above, no other events have occurred that might significantly influence the information reflected in the Consolidated Financial Statements, nor has there been any event of significance to the Group as a whole.